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## **House Bill 848 - Health Insurance - Adverse Decisions - Reporting and Examinations**

### **SPONSOR TESTIMONY: Delegate Joseline A. Peña-Melnyk (Favorable)**

Madam Vice Chair Cullison and distinguished members of the Health & Government Operations Committee, I am honored to be here today with you all. For the record, I am Delegate Joseline Peña-Melnyk, and I have the pleasure of introducing House Bill 848 – Adverse Decisions – Reporting and Examinations bill.

Our healthcare system continues to stand at critical crossroads that we cannot deny, where the fundamental promise of medical care has been systematically undermined by an increasingly complex landscape involving several players. At the heart of this challenge lies a growing epidemic of health insurance claim denials that threatens the very foundation of patient care and healthcare accessibility.

Recent comprehensive research from the Kaiser Family Foundation paints an alarming picture of this deeply troubling trend in insurance practices. In 2021, insurers were denying an average of 17% of all claims submitted. However, that average masks the true extent of the problem. Some insurance carriers have pushed the boundaries of what can be considered acceptable practice, with one insurer reaching the shocking milestone of denying 49% of claims in a single year, and another achieving an almost unbelievable 80% denial rate in 2020.

These national trends are mirrored in our own state, with even more troubling implications. The Office of the Attorney-General of Maryland reported that in FY 2023, Maryland insurance carriers reported 135,922 adverse decisions, a staggering increase of 47,383 from FY 2022. Some insurers showed particularly dramatic spikes in denials—MAMSI Life and Health increased denials by 495%, Optimum Choice by 190%, and UnitedHealthcare by 181%. Perhaps most concerning is that carriers reversed less than 1% of these denials on their own initiative, while only 8% of cases were challenged through consumer grievances. These numbers tell us not just about the scale of denials, but about the systemic failure to protect patient interests.

Indeed, these are not mere statistical anomalies or isolated incidents. They represent a systemic failure that has profound implications for patients, healthcare providers, and the entire medical ecosystem. To understand the true magnitude of this issue, we must consider the economic and human cost of these widespread claim denials.

The human and financial toll of these denials is staggering. A survey from 2019 estimated that the increasing rate of claim denials imposes a burden of approximately \$262 billion annually on healthcare organizations. But the real cost is not measured in dollars – it is measured in delayed treatments, worsening health conditions, and the psychological burden on patients who must fight bureaucratic battles while managing their illnesses. Healthcare providers find themselves

trapped in an increasingly complex administrative maze, dedicating unprecedented amounts of time and resources to appealing denied claims, navigating bureaucratic hurdles, and attempting to secure necessary treatments for their patients. This crisis disproportionately affects our most vulnerable populations as well as research has shown.

Furthermore, research indicates that nearly 60% of insured adults are experiencing significant problems with their health insurance, with claim denials emerging as a primary source of these challenges. This issue is a human rights concern that disproportionately affects the most vulnerable populations in our society. Patients with chronic conditions, those managing complex medical treatments, and individuals from marginalized communities bear the brunt of increasingly restrictive insurance practices.

HB0848 emerges as a critical legislative response to this growing crisis. The bill is not designed to malign insurance carriers or create unnecessary bureaucratic obstacles. Instead, it represents a carefully crafted mechanism to bring transparency, accountability, and human consideration back into the healthcare decision-making process.

The legislation introduces a robust and comprehensive reporting requirement that goes beyond surface-level compliance. When an insurance carrier's adverse decisions for a specific type of service increase by more than 10% in a calendar year or 25% over three consecutive years, they will be required to provide a detailed reporting that includes explanation and comprehensive information about the types of services affected and the patterns of denials that have emerged, a mechanism for understanding and potentially correcting systemic issues that impact patient care.

The bill also empowers the Maryland Insurance Commissioner with insight and investigative capabilities by providing the authority to conduct thorough examinations, therefore creating a proactive oversight mechanism that can identify and address potential barriers to healthcare access before they become systemic problems.

Some may argue that this creates additional administrative burden for carriers. However, this information is already being tracked internally by insurance companies. We are simply requiring transparency when denial rates spike dramatically because transparency is essential for protecting public health. Our existing quarterly reporting requirements provide basic data about adverse decisions, but they do not tell us why denial rates are increasing or what changes in medical management might be driving these increases – a gap that will be addressed by this bill.

The potential impact extends far beyond immediate claim processing. This bill sends a clear message that healthcare is not a privilege to be arbitrarily granted or denied, but a fundamental right that requires careful, considered, and compassionate management and it has the power to reshape the entire healthcare conversation in Maryland, creating a more accountable, patient-centered approach to medical insurance for Marylanders.

The evidence before us is clear and compelling. The surge in denial rates we are witnessing demands immediate legislative action. When insurance carriers can increase their denials by hundreds of percentage points in a single year with minimal oversight or consequences, we fail to protect Marylanders' access to healthcare. I therefore urge this committee to stand with Marylanders by issuing a favorable report on HB0848. Every day we delay action means more Marylanders facing denials of necessary medical care without recourse or explanation. Thank you for your consideration.