



Maryland Community Health System

Committee:	Senate Finance Committee
Bill:	Senate Bill 797 – Maryland Medical Assistance Program and Health Insurance - Claims for Reimbursement – Downcoding
Hearing Date:	March 4, 2026
Position:	Support

The Maryland Community Health System supports Senate Bill 797 Maryland Medical Assistance Program and Health Insurance - Claims for Reimbursement – Downcoding. The bill limits how health insurers and health maintenance organizations can “downcode” which is reducing payments by changing billing codes, medical claims. It requires that any downcoding be based on clinical documentation review rather than automated processes alone and prohibits certain unfair practices, including downcoding emergency services based on final diagnoses. Additionally, insurers must notify providers within 30 days, explain the reason for the change, and allow submission of additional documentation. The bill also provides appeal rights and allows the Maryland Insurance Administration to fine carriers up to \$10,000 per violation.

MCHS is a network of federally qualified health centers (FQHCs) providing somatic, behavioral health, and dental care to underserved communities across Maryland. MCHS supports the bill because it protects their financial stability by reducing improper downcoding that can significantly cut reimbursement for services they provide. The bill’s requirement for clinically based reviews and clearer explanations of payment decisions helps ensure that FQHCs are paid fairly for complex care, which is important given the medically underserved populations they serve. The notice and appeal rights give FQHCs a real chance to challenge and correct unfair claim adjustments instead of having revenue quietly reduced arbitrarily by the insurance carrier. Finally, increased transparency and reporting by insurers can discourage abusive practices and promote more predictable cash flow for safety-net providers.

Thank you for consideration of our testimony. If we can provide any additional information, please contact Michael Paddy at mpaddy@policypartners.net.