



2026 SESSION
POSITION PAPER

BILL NUMBER: HB 494

COMMITTEE: Senate Finance

POSITION: Support

TITLE: Health Insurance – Primary Care Investment Targets – Reimbursement and Reporting

BILL ANALYSIS

HB 494 – Health Insurance – Primary Care Investment Targets – Reimbursement and Reporting requires certain entities to provide reimbursement to health care providers in a manner that meets the annual primary care investment targets established by the State on or after February 1, 2026; and requires certain entities to provide a description of the entity's progress in meeting the annual primary care investment targets to the Maryland Insurance Commissioner when filing a premium rate or premium rate change with the Commissioner.

POSITION AND RATIONALE

The Maryland Health Care Commission (MHCC), Health Services Cost Review Commission (HSCRC) and Maryland Insurance Administration (MIA) support *HB 494* and believe that increased primary care investment is needed to expand the primary care workforce, build interprofessional teams, and ensure an adequate technical infrastructure to support care. The bill aligns with the Centers for Medicare & Medicaid Services (CMS), Advancing Healthcare Efficiency through Accountable Design (AHEAD) Model.¹ The AHEAD Model is a voluntary total cost of care model designed to help states curb growth of health care costs, support increased investments in primary care, provide financial stability for hospitals, and support consumer connection to community resources.² Maryland signed the agreement to participate in the AHEAD Model on November 1, 2024, making Maryland the first state to participate in the model, and signed an amended and restated agreement on November 12, 2026. CMS will hold Maryland accountable through performance requirements for meeting targets, which include primary care investment, for all payers in the State, and serves as a

¹ The Centers for Medicare & Medicaid Services, available at: <https://www.cms.gov/priorities/innovation/innovation-models/ahead>.

² The AHEAD Model performance period begins in January 2026 and concludes at the end of December 2035.

potential model for targets to be established by *HB 494*. The targets are inclusive of expenditures for Medicare, Medicaid, commercial insurance, employer-sponsored insurance, and the State employee health plan. Even though CMS can hold the State accountable, currently there is no established mechanism for the State to hold payers accountable, in turn, for meeting the targets, which is why *HB 494* is needed.

HB 494 also grants the MIA an important role in ensuring that entities meet primary care targets to be established in the bill. The MIA has established authority over and relationships with payers who have the capacity to make the greatest impact in primary care investment. Incorporating a description of their progress into the rate review process makes use of the MIA's existing resources and touchpoints with health plans in the State. The MIA is prepared to incorporate *HB 494* into their range of duties that protect Maryland consumers and the prosperity of primary care in our State.

Primary care is the only specialty where increased supply results in lower mortality and more equitable health outcomes, and thus, should be considered a public good.³ Chapter 667 (Senate Bill 734), *Maryland Health Care Commission – Primary Care Report and Workgroup*, enacted in 2022 and codified at §19-108.4 of the Health-General Article,⁴ mandates that MHCC conduct an annual analysis of primary care and make recommendations on the level of primary care investment relative to overall health care spending. The law requires MHCC to form a multi-stakeholder workgroup⁵ to provide input on the analysis and recommendations and submit a report to the Governor and the General Assembly annually by December 1st.⁶ The MHCC established the Primary Care Investment Workgroup (PCIW), which includes primary care clinicians, payers, legislators, and other State agencies including HSCRC and the MIA, and has published two annual reports showing that primary care spending has stagnated over the last several years.

The Health of US Primary Care: 2025 Scorecard Report (Scorecard), published by the Milbank Memorial Fund and The Physicians Foundation, illustrates that primary care investment nationally has continued to decline.⁷ According to the Scorecard, primary care spending averaged less than five percent of total medical expenditures across all payers, compared to more than six percent at its peak in 2013. Underinvestment in primary care

³ National Academies of Sciences, Engineering, and Medicine. *Implementing High-Quality Primary Care: Rebuilding The Foundation of Health Care*. Washington, DC: The National Academies Press, 2021. <https://nap.nationalacademies.org/catalog/25983/implementing-high-quality-primary-care-rebuilding-the-foundation-of-health>. Accessed August 26, 2025.

⁴ Chapter 667 of the 2022 Laws of Maryland. https://mgaleg.maryland.gov/2022RS/chapters_noln/Ch_667_sb0734E.pdf. Accessed August 26, 2025.

⁵ The Act requires representation from the Maryland Primary Care Program, Health Services Cost Review Commission, Maryland Insurance Administration, Maryland Department of Health, the primary care community, carriers, managed care organizations, and health services researchers with expertise in primary care.

⁶ The MHCC submitted the second annual report in September 2025: https://mhcc.maryland.gov/mhcc/pages/home/workgroups/documents/pcw/pci_rpt.pdf.

⁷ Jabbarpour Y, Jetty A, Byun H, et al. *The Health of US Primary Care: 2025 Scorecard Report*. Milbank Memorial Fund; 2025. Available at: <https://www.milbank.org/wp-content/uploads/2025/02/Milbank-Scorecard-2025-ACCESS-v07.pdf>.

undermines population health and increases health care costs.⁸ About 17 states have passed legislation to measure primary care investment,⁹ and with *HB 494*, Maryland is among several states (California, Colorado, Connecticut, Delaware, Oregon, and Rhode Island) that would be pursuing strategies to increase investment in primary care, which is especially important given our obligations under the AHEAD Model.

In addition, statewide accountability requirements under the AHEAD model include targets for all-payer TCOC growth and all-payer primary care investment, led by the HSCRC and MHCC, respectively. The State must set the targets for CY 2027 through CY 2030 90 days prior to the start of 2027, with targets required for the duration of the model, through 2035. MHCC and HSCRC are collaborating on this effort, to ensure compatibility between the methodological approaches used to set the primary care investment component and the total cost of care (TCOC) component. MHCC and HSCRC are currently holding public meetings with stakeholders and will develop a final proposal, which is due to the Governor no later than May 2026.¹⁰

Measuring meaningful progress toward targets requires a mechanism for payers to demonstrate compliance. If passed, *HB 494* will establish a framework under MIA for monitoring primary care spending. Notably, *HB 494* complements federal policy that is increasingly focused on investing in primary care. For example, in the 2025 Physician Fee Schedule, Medicare finalized new Advanced Primary Care Management codes that better recognize the resources required for primary care, and in July 2025, CMS proposed additional behavioral health integration add-on codes for 2026.¹¹ *HB 494* provides an opportunity for the State to mirror this focus with measurable outcomes for most state-level plans.

Supporting Marylanders' access to high-quality primary care is central to the State's goal of ensuring a world-class health system, and to fulfilling the promise of the AHEAD model. Investments in primary care are necessary to reduce disparities, achieve better outcomes, improve population health and help slow total spending. *HB 494* provides a clear and enforceable pathway for payers to meet the State's primary care investment target and ensures the transparency needed to monitor progress. For these reasons, MHCC, HSCRC, and MIA request a favorable report.

⁸ Primary Care Collaborative. *State Investment Hub*. <https://thepcc.org/policy/state-investment-hub/>. Accessed August 27, 2025.

⁹ Primary Care Collaborative. *Primary Care Investment Guide 2025*. Washington, DC: Primary Care Collaborative; December 18, 2025. Available at: <https://thepcc.org/wp-content/uploads/2025/12/REPORT-Primary-Care-Investment-Guide-2025.pdf>.

¹⁰ State of Maryland Executive Department. Executive Order 01.01.2025.28. Establishing All-Payer Total Cost of Care Growth and Primary Care Investment Targets in Maryland. Available at https://hscrc.maryland.gov/Documents/AHEAD/EO%2001.01.2025.28%20Establishing%20All-Payer%20Total%20Cost%20of%20Care%20Growth%20and%20Primary%20Care%20Investment%20Targets%20in%20Maryland_Accessible.pdf.

¹¹ 2026 Medicare Physician Payment Schedule and Quality Payment Program Final Rule, Summary and Analysis, American Medical Association, available at <https://www.ama-assn.org/system/files/2026-mpfs-final-rule-summary-analysis.pdf>.