



Empowering People to Lead Systemic Change
The Protection and Advocacy System for the State of Maryland

1500 Union Ave., Suite 2000, Baltimore, MD 21211
Phone: 410-727-6352 | Fax: 410-727-6389
DisabilityRightsMD.org

Senate Finance Committee
HB 1112: Health Insurance Coverage Protection Commission - Study
on Individual and Group Health Insurance Market Stability
March 25, 2026
Support with House Amendments

Disability Rights Maryland (DRM), the state's designated Protection and Advocacy agency, defends and advances the rights of people with disabilities. DRM works to expand opportunities for Marylanders with disabilities to achieve community integration and access to high-quality, affordable healthcare. DRM supports HB 1112 as passed by the House, including the provision requiring the Maryland Medical Advisory Committee to establish a workgroup to study the transition to a fee-for-service (FFS) delivery model for all Medicaid services.

HB 1112 comes at a critical time for the 1.7 million Marylanders who rely on Medicaid.¹ The Maryland Department of Health is projecting unprecedented federal cuts to Medicaid—potentially approaching 20 percent of the state's Medicaid current funding.² In this environment, Maryland must carefully manage costs while preserving beneficiaries' access to quality care. HB 1112 establishes a workgroup to study adopting a FFS model, which would likely increase state savings on Medicaid.

Since 1996, most Maryland Medicaid recipients have received coverage through managed care organizations (MCOs).³ MCOs are private insurance plans that receive a fixed, per-member fee from the state to cover necessary care for enrollees. Even with federal and state oversight, this system can create incentives for companies to undertreat or deny care to recipients to maximize profits.⁴ In contrast, under the FFS model, the state reimburses

¹ The Hilltop Institute, Maryland Medicaid Dataport, *Medicaid Enrollment*, https://hilltopinstitute.org/public-dataport/#pac_dtm_child_3.

² Danielle Brown, *Health official warns that future Medicaid cuts could lead to \$2.7 billion loss in federal funding*, Maryland Matters (January 29, 2026), <https://marylandmatters.org/2026/01/29/health-official-warns-that-future-medicaid-cuts-could-lead-to-2-7-billion-loss-in-federal-funding/>.

³ Some populations receive services through FFS, including those on Medicaid services waivers, rare and expensive case management and the community first choice programs.

⁴ Three of Maryland's nine MCO parent companies are in the top 20 of the S&P Fortune 500. UnitedHealthcare Community Plan parent company, United Healthcare is #3; Aetna Better Health of Maryland's parent company, CVS Health, is #6; Wellpoint's parent company, Elevance Health, is #15. All three MCOs had prior authorization denial rates above 27%.

providers directly for each service provided. Connecticut's Medicaid program transition from MCO to FFS delivery in 2011. A recent study found that Connecticut now spends 14 percent less per enrollee than the Northeastern average while maintaining access to care comparable to national benchmarks.⁵

DRM strongly recommends that the workgroup also evaluate how a FFS model would affect Medicaid recipients' access to timely, quality care. MCOs nationwide, including in Maryland, have concerning high rates of prior authorization denials, which can delay or prevent access to medically necessary care.⁶ Although recipients are entitled to an internal appeal and a Medicaid fair hearing when denied services, only about 11 percent of prior authorization denials are appealed nationwide.⁷ In Maryland, the MCO appeals process is often slow and complex, frequently taking months, or even up to a year, for recipients to obtain approval for medically necessary services. When appeals are pursued, a substantial share of denials are overturned: for five Maryland MCOs, over 50 percent of appeals are overturned in favor of the recipient.⁸

For these reasons, DRM requests a favorable report on HB 1112 as amended by the House. Thank you for your consideration of this bill.

Contact: Daria Pugh, Esq. at DariaP@DisabilityRightsMD.org or (443) 692-2487.

⁵ Connecticut Department of Social Services, *Medicaid Landscape Analysis*, https://portal.ct.gov/dss/home/-/media/dss/ct_dss_medicaid-landscape-analysis_final-report_1252024_v2.pdf (December 2024).

⁶ Christi Grimm, Inspector General, Department of Health and Human Services Office of Inspector General, *High Rates of Prior Authorization Denials by Some Plans and Limited State Oversight Raise Concerns About Access to Care in Medicaid Managed Care*, <https://oig.hhs.gov/reports/all/2023/high-rates-of-prior-authorization-denials-by-some-plans-and-limited-state-oversight-raise-concerns-about-access-to-care-in-medicare-managed-care/> (July 17, 2023); Maryland Department of Health, *Medicaid Managed Care Organization Grievances, Appeals, & Denials Focused Review Report Measurement Year 2024*, (<https://health.maryland.gov/mmcp/healthchoice/Documents/MY2024-Grievance-Appeals-Denials-Annual-Report.pdf>), (July 2025).

⁷ *Id.*

⁸ Maryland Department of Health, *Medicaid Managed Care Organization Grievances, Appeals, & Denials Focused Review Report Measurement Year 2024*, (<https://health.maryland.gov/mmcp/healthchoice/Documents/MY2024-Grievance-Appeals-Denials-Annual-Report.pdf>), (July 2025) (Jai Medical Systems, Inc. at 78%, MedStar Family Choice, Inc. at 71%, CareFirst Community Health Plan at 66%, UnitedHealthcare Community Plan at 53% and Kaiser Permanente of the Mid-Atlantic States, Inc. at 52%).