

**TO:** Chair Pamela Beidle  
Vice Chair, Antonio Hayes  
Members, Senate Finance Committee

**FROM:** Kristin J. Bryce  
SVP & Chief External Affairs Officer, UMMS

**DATE:** March 31, 2026

**RE:** House Bill 1376 – Maryland Medical Assistance Program, Maryland Children's Health Program, and Health Insurance – Transfers to Special Pediatric Hospitals – Requirements

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**Position: Favorable with Amendment**

The University of Maryland Medical System (“UMMS”) strongly supports House Bill 1376 – Maryland Medical Assistance Program, Maryland Children's Health Program, and Health Insurance – Transfers to Special Pediatric Hospitals – Requirements, with one amendment. The bill clarifies prior legislation governing the transfer of patients from an acute care hospital to a special pediatric hospital. Specifically, the bill allows Maryland Medicaid to provide a prior authorization determination for a transfer to a special pediatric hospital, *if requested by the special pediatric hospital*, and requires the Maryland Department of Health to establish an appeal process for specialty pediatric hospitals that is consistent with the Maryland Administrative Procedure Act and the rights already granted to acute care hospitals.

UMMS co-owns Mount Washington Pediatric Hospital (MWPB) with Johns Hopkins Medicine. MWPB is uniquely suited to treat children who need post-acute care for complications of premature birth, severe birth defects, multi-system chronic illnesses, and rehabilitation due to accident or injury. The hospital has an average inpatient daily census of 45, with 75 percent of inpatients covered by Maryland Medical Assistance. It also provides over 60,000 outpatient visits per year, including rehabilitation therapies, specialty clinics, diagnostic testing for autism spectrum disorders and much-needed behavioral health services.

Last year, the Finance Committee (11-0) and the General Assembly unanimously passed HB 1301 (Ch. 612, 2025), which prohibited the Maryland Medicaid Program and Medicaid Managed Care Organizations from requiring prior authorization for a transfer to a special pediatric hospital. The legislation was intended to allow a child to access care at MWPB and other specialty pediatric hospitals when they are medically ready, and help patients and families avoid delays while insurance companies review clinical information. Since the legislation took effect, the new process has worked well across all MCOs and commercial payers. The impact of the

legislation has been significant for some of the most vulnerable children and youth in Maryland, and is due to the leadership of this committee and the General Assembly. Thank you.

HB1376 was prompted by: (1) the need for clarification on the part of a payer regarding the proper interpretation of prior authorization requirements enacted last year; and (2) the need for certainty regarding MWPH's right to appeal certain denials of care on medical necessity grounds:

***Lack of Consideration of Medical Necessity Until After Admission to MWPH***

While not uniform among all payers, Maryland Medicaid has interpreted the 2025 legislation as preventing the Program from weighing in on the appropriateness of a patient's transfer from an acute general hospital to MWPH until *after* the patient is already admitted to MWPH. While there is generally a level of certainty and consensus around patients who qualify for specialty pediatric services, there are still cases where the hospital and the payer might disagree. In these limited situations, collaboration between the State and MWPH on the front end is important. Regardless, HB1301 was never intended to prohibit timely communication and coordination among payers and the hospital.

***Lack of Defined Appeal Rights***

In October 2024, Maryland Medicaid issued a transmittal to MWPH stating that the Department has implemented a process by which a special pediatric hospital can pursue a "retrospective review" of a Medicaid medical necessity denial for continued hospital care. This transmittal marked a departure from longstanding agency practice, which limited appeal rights to the patient. Since issuance of this transmittal, the Department has not adopted regulations or otherwise fully clarified the process or scope associated with this retrospective review. Absent clear appeal rights, a special pediatric hospital is often left without any recourse in instances of claims denied for medical necessity reasons.

Generally, the Department's utilization review vendor issues a determination of medical necessity every 2 weeks over the course of a child's stay at a special pediatric hospital. If the Department determines that ongoing care is no longer medically necessary, the hospital cannot be reimbursed for care from that point on. In cases where the patient/family and hospital disagree with this determination, the family has a right to appeal and can request that the hospital do so on the child's behalf. In these appeals, Administrative Law Judges have consistently held that the special pediatric hospital cannot recover from the Program the cost of care provided after a medical necessity denial because the patient (the appellant) has suffered no injury in that the child received needed care and can never be held financially liable for that care.

It is apparent that without a change in the law, special pediatric hospitals will not be able to receive reimbursement from the Program for care provided to a child following a denial, even if that care is later determined to be medically necessary. As recently as March 9, 2026, the Department filed a motion to dismiss the hospital's appeal on behalf of a patient whose was admitted in February 2025 and whose care was denied starting on May 21, 2025. The patient's care team disagreed with the determination, MWPH filed an appeal, and continued to provide care until the team determined the child was ready for discharge a month later. The Department argues in its motion that the case is moot because MWPH has no standing on its own and the patient suffered no injury.

***Proposed Amendment: Date of Retrospective Review***

HB1376, as passed by the House, reflects amendments agreed to by both the Department and MWPH. This includes an amendment that would apply the new review process retrospectively. The only remaining area of disagreement between the Department and MWPH is the look-back on appeals to which the new process will apply. The bill presently grants a special pediatric hospital the right to request a retrospective review under the new appeal process for any appeal of a medical necessity denial of services provided *on or after July 1, 2025*. The date was chosen largely because the parties were under the impression that under federal regulations, the State's ability to recover matching payments from the federal government might be in jeopardy around denials for services provided prior to July 1, 2025.

It now appears that federal rules will not create an obstacle to State reimbursement and as such, **MWPH respectfully requests that the new process apply to appeals of medical necessity denials issued on or after January 1, 2025**. This request is also supported by the Department's transmittal indicating that special pediatric hospitals were entitled to an independent right of appeal as of October 28, 2024.

Finally, as amended, the bill will in not expected to have a fiscal impact. As introduced, the Department estimated the fiscal impact would be \$357,500 in FY27 and \$715,100 in FY28 and beyond. The fiscal impact was exclusively tied to requirements in the bill as introduced for Medicaid to reimburse a pediatric specialty hospital at a lower, administrative rate during the length of an appeal for a medical necessity denial. The administrative day reimbursement requirement has been struck from the bill. While a revised fiscal note was not posted as of the submission of this testimony, the bill should no longer have a fiscal impact.

For these reasons, the University of Maryland Medical System supports HB 1376, with one amendment, and requests a *favorable* report on the bill.

For more information, please contact:  
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