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Health and Government Operations  
Committee

*Chair*

Health Occupations and  
Long-Term Care Subcommittee

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Joint Committee on Administrative,  
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Testimony of Delegate Samuel I Rosenberg

Before the Finance Committee

In Support of

**Maryland Medical Assistance Program, Maryland Children's Health Program, and Health Insurance - Transfers to Special Pediatric Hospitals – Requirements**

Chair Beidle and Members of the Committee:

Last session we passed HB 1301, which established, in statute, that the Maryland's Children's Health Program, MCOs, and commercial carriers cannot require prior authorization for a transfer to a special pediatric hospital (SPH). The intent of the bill was to keep children from being trapped in acute-care hospitals because of payer paperwork delays.

Unfortunately, the goals of that bill have been undermined since it took effect, particularly for fee-for-service (FFS) Medicaid patients. House Bill 1376 seeks to close loopholes in last year's bill, by setting clear timelines and ensuring hospitals are not forced to choose between admitting a medically vulnerable child and risking non-payment.

Maryland's two licensed special pediatric hospitals are Mt. Washington Pediatric Hospital (MWPH) and Kennedy Krieger Institute (KKI). The goal of last year's bill was to address prior authorization delays preventing transfers from acute hospitals to SPHs and clogging beds needed for other patients. In practice, most payers still collaborate with MWPH by reviewing clinical information on the front end, so that everyone agrees on the appropriate level of care, and the transfer doesn't have to wait.

FFS Medicaid has interpreted "may not require prior authorization" as meaning it "shall not provide prior authorization" and thus is refusing to assess medical necessity until after the child is already admitted. When medical necessity is not evaluated until after admission, SPHs face risk of lengthy inpatient stays with no reimbursement, even when the child is medically ready for post-acute care and the SPH is the right setting. Additionally, admissions without an initial medical necessity approval can be denied payment even at the lower administrative day rate.

House Bill 1376 fixes these issues to allow last year's bill to be enforced. This bill clarifies that payers may not require prior authorization for a transfer to a special pediatric hospital, but if the hospital or referring provider requests a determination, the payer must issue a prior authorization determination within 2 business days. The bill also guarantees a real review process when a payer denies medical necessity and prevents denials from escaping review on a technicality. Lastly, this bill requires reimbursement for all administrative days at the applicable rate from the date of the medical-necessity determination until the retrospective review concludes. HB 1376 is necessary to fulfill the intent of last year's bill, and it closes the implementation gap that has emerged for these neediest of patients.

**For these reasons, I respectfully request a favorable report on House Bill 1376.**