Bill Title: HB1112 - Health Insurance Coverage Protection Commission - Study on Individual and Group Health Insurance Market Stability
Position: FAVORABLE
To: Senate Finance Committee
Hearing Date: Thursday, March 25, 2026

Dear Chair Beidle and Members of the Senate Finance Committee:

My name is Yvette Delph and I am a retired physician living in Silver Spring, District 19. I am a member of Progressive Maryland's Health Care Task Force. I respectfully request your support of HB1112. This bill would require the Health Insurance Coverage Protection Commission to consider whether to adopt a direct payment system or fee-for-service model for all services covered by the Maryland Medical Assistance Program, or Medicaid.

According to the Department of Health (https://health.maryland.gov/mmcp/Documents/OBBBA%20One-Pager_7.11.25.pdf), will lose up to $2.7 billion in federal funding annually when all provisions of HR 1 (One Big Beautiful Bill Act) are implemented, with the majority of funding losses incurred between July 2026 and June 2028. Tens of millions of additional dollars will be needed to implement and administer HR 1 requirements, particularly those pertaining to eligibility changes such as work requirements. Maryland needs needs urgent solutions because Medicaid is a lifeline for one in four Marylanders, including half of our children, low-income families, people with disabilities, the elderly and working adults who don't have affordable insurance options, and five out of eight nursing home residents. Marylanders are living in fear that they, or someone they love or care for, will lose Medicaid and the essential medical care they need.

A report recently published by Physicians for a National Health Program estimates that the establishment of a fee-for-service model for all Medicaid services would save Maryland up to $521 million every year, based on 2023 expenditures (https://pnhp.org/removing-the-middlemen-from-medicaid/#appendix-f). Medicaid expenditures for 2023 published by the Maryland Department of Health (https://health.maryland.gov/mmcp/Documents/JCRs/2025/MLRJCR9-25.pdf Table 1), show that the nine managed care organizations providing healthcare for Medicaid enrollees in Maryland received more than $1 billion in administrative expenses and profits, or 13 cents of every dollar they received. Maryland could administer Medicaid directly for 3 cents on the dollar.

Since Connecticut implemented such a system in 2012, it has saved $4 billion, spends 14% lower than the Northeastern average per Medicaid enrollee, and has lower administrative spending rates compared with the average of states using a managed care model (3.8% vs 9.4%). Connecticut has also seen the number of primary care physicians who participate in Medicaid increase by 14.6% and, even without an increase in reimbursement rates, participating specialists increased by 11%. Connecticut contracts with administrative service organizations that were selected via competitive bid to provide, at the direction of the state, administrative services only. As Connecticut experienced, when bureaucratic complexity, paperwork, denials and delays of care, and provider payment delays are reduced, clinicians are more likely to choose to serve Medicaid patients, and enrollees are more satisfied with the state's Medicaid program. At least seven other states are actively working on similar legislation—Hawaii, Illinois, Minnesota, New York, Rhode Island, West Virginia, and Wisconsin—and three others are considering it.

The direct payment model would be a win-win-win solution for Medicaid patients, providers, and the state. It would help to avoid cuts to critical services that could harm Marylanders and prevent unnecessary increases in the number of residents without health insurance—while

improving efficiency, cost-effectiveness, and enrollee and provider satisfaction. It is incumbent on Maryland to examine this cost-saving alternative and how best to implement it throughout Maryland's Medicaid program.

As you consider the difficult choices you are being forced to make in the face of the HR 1 provisions, I urge you to give favorable consideration to HB1112 that will provide you with objective data on how you can optimize our Medicaid program.

Sincerely,

Yvette Delph, MBBS, DA
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