



Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc  
4000 Garden City Drive  
Hyattsville, MD 20785

March 4, 2026

The Honorable Pamela Beidle  
Senate Finance Committee  
3 East, Miller Senate Office Building  
11 Bladen Street  
Annapolis, Maryland 21401

**RE: Opposition to Senate Bill 797 – Maryland Medical Assistance Program and Health Insurance – Claims for Reimbursement – Downcoding**

Dear Chair Beidle and Members of the Committee:

On behalf of Kaiser Permanente, I am writing to express our opposition to Senate Bill 797. Kaiser Permanente remains deeply committed to providing high-quality, affordable care to our members in Maryland. While we appreciate the intent to ensure fair reimbursement practices, we are concerned that SB 797 will create significant administrative inefficiencies and hinder our ability to manage health care costs effectively for Maryland families.

At its core, what is described as "downcoding" is often a necessary administrative correction to ensure that a claim accurately reflects the level of service provided. Standardized coding (Evaluation and Management, or E&M codes) is essential for maintaining the fiscal integrity of the health care system.

Allowing claims to go unreviewed—or making that review process so burdensome that it is effectively neutralized—risks incentivizing "upcoding," where services are billed at a higher intensity than supported by the clinical record. This directly inflates the cost of care for our members and the State of Maryland.

SB 797 introduces several operational mandates that we believe are impractical and redundant:

- **Restriction on Automated Tools:** The bill restricts the use of software and algorithms to assist in the initial review of claims. In a modern health care environment, these tools are essential for processing the massive volume of daily claims. Prohibiting them from identifying obvious discrepancies without an immediate, manual clinical review by a specialist physician will cause significant delays in provider payments.
- **Specialty Physician Mandate:** Requiring a final downcoding determination to be made by a physician with relevant specialty expertise for every instance is a disproportionate requirement for administrative coding corrections. This will exacerbate existing physician workforce shortages by diverting specialists from clinical practice to administrative claim reviews.
- **Bypassing the Appeal Process:** Allowing providers to file a complaint directly with the Insurance Commissioner before exhausting the carrier's internal appeal process undermines established due process. Our internal grievance procedures are designed to

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resolve these technical disputes quickly and accurately without involving state regulatory resources prematurely.

Kaiser Permanente believes that claim accuracy is best achieved through collaboration and the use of modern, efficient auditing tools. By imposing rigid, manual review requirements and high fines for administrative corrections, SB 797 will drive up the cost of health care administration without necessarily improving the quality of care provided to patients.

Thank you for the opportunity to comment. Please feel free to contact me at [Allison.W.Taylor@kp.org](mailto:Allison.W.Taylor@kp.org) or (919) 818-3285 with questions.

Sincerely,

A handwritten signature in cursive script that reads "Allison Taylor".

Allison Taylor  
Head of Government Relations  
Kaiser Permanente Mid-Atlantic Region