

# **SB416 - BWEF - Testimony in Support.pdf**

Uploaded by: Caitlin McDonough

Position: FAV

February 13, 2026

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

**Testimony in Support – Senate Bill 416 – Health Maintenance Organizations – Payments to Nonparticipating Providers – Reimbursement Rate**

On behalf of Baltimore Washington Emergency Physicians Inc., we urge support for Senate Bill 416 to establish a base reimbursement requirement for out-of-network (OON) providers for HMO plans in Maryland similar to current law governing OON reimbursement for PPO plans.

At Baltimore Washington Medical Center, we evaluate more than 74,000 emergency department patients annually. We are the safety net for our community and care for all patients regardless of their ability to pay or what type of health insurance they may have. We are out of network with Kaiser, Maryland's largest HMO. At Baltimore Washington Medical Center Emergency Department we take pride in delivering the highest quality emergent care to our patients. Maryland's combination of arguably the longest wait times and lowest compensation in the nation is a significant competitive disadvantage.

Since the federal No Surprises Act (NSA) took effect in 2022 Maryland providers have seen OON reimbursement fall substantially. The NSA provides important financial protection for patients by ensuring they are protected from unexpected costs. Yet, in the absence of guardrails, the unintended consequences of NSA have resulted in substantial underpayment from payors. The Maryland PPO law provides protections against payors taking advantage of the NSA. Conversely, HMOs in Maryland are essentially choosing their own rates. The rates will continue to decline without justification. This negatively impacts recruitment and retention of talented physicians and provides additional fuel for the ED Wait Times burning platform.

Senate Bill 416 proposes a solution to this problem by implementing a baseline reimbursement rate based on rates prior to the enactment of the NSA when reimbursement was sufficient, and network negotiations were more prevalent and accessible. The legislation mirrors the statute currently in place for PPO plans, which has successfully led to robust and effect provider networks for patients in those plans. As the cost of health insurance continues to rise and more patients seek to manage their healthcare costs by selecting HMO plans, these patient access concerns will continue to worsen and add to current public health concerns. As providers, we are committed to working with the

committee and all stakeholders to find a solution that ensures sufficient access to timely care and reimbursement for essential providers, including fair and competitive compensation for Maryland-based providers. Thank you for your consideration and we urge a favorable report on Senate Bill 416.

Colleen E Holley, MD

President, Baltimore Washington Emergency Physicians, Inc.

Omoyemi Adebayo, MD

Chair of Emergency Department, Baltimore Washington Emergency Physicians, Inc.

# **SB416 - FAV - UMMS Cap Region.pdf**

Uploaded by: Caitlin McDonough

Position: FAV

**February 15, 2026**

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

**Re: Testimony in Support of Senate Bill 416 – Health Maintenance Organizations – Payments to Nonparticipating Providers – Reimbursement Rate**

On behalf of University of Maryland, we respectfully urge support for Senate Bill 416, which would establish a base reimbursement standard for out-of-network (OON) providers under HMO plans in Maryland, consistent with the framework currently applied to PPO plans.

At University of Maryland Capital Region, our emergency department evaluates approximately 52,000 patients each year. We serve as a critical safety net for our community, providing care to all patients regardless of insurance status or ability to pay. Although we deliver high-quality emergency care around the clock, we remain out of network with Kaiser, Maryland's largest HMO. Maryland already faces among the longest emergency department wait times and lowest physician compensation rates in the nation, creating a significant and growing competitive disadvantage in recruiting and retaining clinicians.

Since implementation of the federal No Surprises Act (NSA) in 2022, Maryland providers have experienced a substantial decline in OON reimbursement. While the NSA appropriately protects patients from unexpected medical bills, the absence of adequate guardrails has led to unintended consequences—namely, significant underpayment by payors. Maryland's existing PPO statute helps prevent exploitation of the NSA by establishing reimbursement protections. In contrast, HMOs currently operate without comparable constraints, effectively allowing them to set reimbursement rates unilaterally. Without legislative action, these rates will continue to decline without justification, further undermining physician recruitment and retention and exacerbating already critical emergency department wait times.

Senate Bill 416 addresses this imbalance by establishing a baseline reimbursement rate tied to pre-NSA levels, when reimbursement was more adequate and network negotiations were more feasible. The bill mirrors existing PPO law, which has resulted in stable provider networks and improved access to care for patients enrolled in those plans. As health insurance premiums continue to rise, more patients are selecting HMO plans to manage costs, making these access and workforce challenges increasingly urgent.

As providers, we are committed to working collaboratively with the committee and all stakeholders to ensure patients have timely access to essential emergency care while

supporting fair, competitive reimbursement for Maryland-based clinicians. We respectfully request a favorable report on Senate Bill 416 and thank you for your consideration.

**Sincerely,**

Merissa Weiss MD

Medical Director of the Emergency Department

University of Maryland Capital Region

**SB416 - MedStar - FAVORABLE .pdf**

Uploaded by: Caitlin McDonough

Position: FAV



MedStar Health  
*MedStar Emergency Physicians*

February 16, 2026

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

**Re: Testimony in Support of Senate Bill 416 – Health Maintenance Organizations –  
Payments to Nonparticipating Providers – Reimbursement Rate**

Dear Chair Beidle and Members of the Committee:

On behalf of MedStar Health and MedStar Emergency Physicians, I am writing to express our strong support for Senate Bill 416. This legislation would establish a reasonable base reimbursement requirement for out-of-network (OON) providers serving HMO enrollees in Maryland, aligning HMO reimbursement standards with the framework already in place for PPO plans.

Across our MedStar Hospitals, we evaluate approximately 450,000 patients in our Emergency Department each year. As a cornerstone of our community's healthcare system, we provide care to every patient who walks through our doors—regardless of insurance status or ability to pay. We are currently out of network with Kaiser Permanente, the largest HMO operating in Maryland.

Our Emergency Departments are committed to delivering exceptional, high-quality emergent care. We are proud of our internationally recognized Emergency Medicine faculty and our role in training outstanding residents, physician assistants, and nurses. However, it is recognized that practicing in the state of Maryland is particularly challenging. Lengthy wait times combined with reimbursement rates that are among the lowest in the nation place our state at a significant competitive disadvantage in recruiting and retaining top medical talent.

Since the implementation of the federal No Surprises Act in 2022, OON reimbursement for Maryland providers has declined substantially. While the Act appropriately protects patients from unexpected medical bills, it has also produced unintended consequences. In the absence of guardrails, some payors have reduced reimbursement to unsustainable levels. Maryland's existing PPO statute includes important protections that help prevent this type of underpayment. In contrast, HMO plans are effectively able to set their own reimbursement rates, which continue to trend downward without meaningful justification.

This erosion in reimbursement directly affects our ability to sustain physician staffing, recruit new providers, and maintain timely access to emergency care. As more Marylanders select HMO plans to manage rising insurance costs, these access challenges will only intensify—exacerbating emergency department wait times and broader public health concerns.

Senate Bill 416 offers a practical and balanced solution. By establishing a baseline reimbursement rate tied to pre-No Surprises Act levels—when reimbursement was more stable and negotiations were more reasonable—the bill would restore fairness and predictability to the system. Importantly, it mirrors the successful statutory approach already applied to PPO plans, which has helped foster stronger provider networks and better patient access.

We remain committed to working collaboratively with the Committee, payors, and other stakeholders to ensure Maryland patients have access to timely, high-quality emergency care while also ensuring fair and competitive compensation for the providers who deliver it.

Thank you for your leadership on this issue and for your consideration of this important legislation. We respectfully urge a favorable report on Senate Bill 416.

Respectfully,

A handwritten signature in black ink that reads "David Hager". The signature is written in a cursive, flowing style.

David Hager, MD  
Physician Executive Director  
MedStar Health and MedStar Emergency Physicians

**SB416 - UM Shore - Letter of Support.pdf**

Uploaded by: Caitlin McDonough

Position: FAV

February 13, 2026

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

**Testimony in Support – Senate Bill 416 – Health Maintenance Organizations – Payments to Nonparticipating Providers – Reimbursement Rate**

On behalf of University of Maryland Shore Regional Health, we urge support for Senate Bill 416 to establish a base reimbursement requirement for out-of-network (OON) providers for HMO plans in Maryland similar to current law governing OON reimbursement for PPO plans.

At the University of Maryland Shore Emergency Center at Queenstown, we evaluate 18,250 emergency department patients annually. We are the safety net for our community and care for all patients regardless of their ability to pay or what type of health insurance they may have. We are out of network with Kaiser, Maryland's largest HMO. At the Shore Emergency Center at Queenstown, we take pride in delivering the highest quality emergent care to our patients. Maryland's combination of arguably the longest wait times and lowest compensation in the nation is a significant competitive disadvantage.

Since the federal No Surprises Act (NSA) took effect in 2022 Maryland providers have seen OON reimbursement fall substantially. The NSA provides important financial protection for patients by ensuring they are protected from unexpected costs. Yet, in the absence of guardrails, the unintended consequences of NSA have resulted in substantial underpayment from payors. The Maryland PPO law provides protections against payors taking advantage of the NSA. Conversely, HMOs in Maryland are essentially choosing their own rates. The rates will continue to decline without justification. This negatively impacts recruitment and retention of talented physicians and provides additional fuel for the ED Wait Times burning platform.

Senate Bill 416 proposes a solution to this problem by implementing a baseline reimbursement rate based on rates prior to the enactment of the NSA when reimbursement was sufficient, and network negotiations were more prevalent and accessible. The legislation mirrors the statute currently in place for PPO plans, which has successfully led to robust and effect provider networks for patients in those plans. As the cost of health insurance continues to rise and more patients seek to manage their healthcare costs by selecting HMO plans, these patient access concerns will continue to worsen and add to current public health concerns. As providers, we are committed to working with the

committee and all stakeholders to find a solution that ensures sufficient access to timely care and reimbursement for essential providers, including fair and competitive compensation for Maryland-based providers. Thank you for your consideration and we urge a favorable report on Senate Bill 416.

A handwritten signature in black ink, appearing to read 'EM' with a stylized flourish.

Eric M. Maniago, MD, FACEP

ED Medical Director, UM Shore Emergency Center at Queenstown

# **2026 Testimony - Favorable - Senate Bill 416 - HMO**

Uploaded by: Daniel Shattuck

Position: FAV



# BROCATO & SHATTUCK CONSULTING

**Date:** Wednesday, February 18, 2026

**Committee:** Senate Finance Committee  
The Honorable Pam Beidle, Chair

**Bill:** Senate Bill 416 - Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate

**Position:** FAVORABLE

On behalf of our clients: The Maryland Society of Anesthesiologists, The Maryland Dermatological Association, The Maryland Psychological Association, the American Physical Therapy Association, Maryland Chapter, and the Maryland Academy of Nutrition and Dietetics we strongly support Senate Bill 416.

Senate Bill 416 “alters the reimbursement rate that a health maintenance organization (HMO) must pay a nonparticipating provider. Specifically, if an HMO pays a nonparticipating provider 125% of the average rate the HMO paid, reimbursement must be based on the rate paid as of January 31, 2019, indexed for inflation as specified.”

## **Background:**

Maryland has an extensive history and track record of success in addressing nonparticipating physician payment in both the HMO and PPO markets. The methodologies in statute strive to ensure fair and transparent payment for providers and balance billing protection for consumers/insured individuals.

Maryland most recently resolved its PPO surprise billing problem in 2010 by requiring insurers to reimburse hospital-based physicians who accept assignment of benefits (i.e., agree not to balance bill their patients) in accordance with a statutory formula. Hospital-based physicians accepting the assignment of benefits would be reimbursed the greater of 140% of the average rate the insurer paid to contracting hospital-based physicians or the final amount the insurer paid to that hospital-based physician as of January 1, 2010 adjusted for inflation. Maryland’s benchmark includes a floor in order to be sure insurers enter contract negotiations with hospital-based physicians in good faith and not simply to lower the benchmark rate year over year.

## **Positive Impact:**

Maryland’s AOB law has provided patient protection for almost 10 years, has been impartially reviewed<sup>1</sup> and determined to be widely successful. It has eliminated patient complaints of surprise billing, doubled network participation by physicians overall and tripled participation in rural areas. The law is a time tested, evidence based, sound method to protect patients without disrupting existing safety nets and long-standing balances between safety and access to care.

The success of Maryland law has been due to the balanced incentives for physicians and insurers to come together to negotiate and be in-network. This success has been supported by data reviewed by the Maryland Health Care Commission (MHCC), showing a consistently decreased volume of out of network payments since the law’s implementation in 2010. In fact, the MHCC’s review of data in Maryland’s All Payer Claims Database (APCD) shows that the overall proportion of health care users with out-of-network services has steeply declined: From 20.9% in 2010 to 9.4% in 2013 to 3.6% in 2017.

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<sup>1</sup> FINAL REPORT - [Impact of the Assignment of Benefits Legislation - January 15, 2015](#); Prepared for: The Maryland Health Care Commission; Prepared by: Social & Scientific Systems, Inc.

**What Senate Bill 416 does:**

Maryland's PPO law has the date certain of January 1, 2010 in order to be sure insurers enter contract negotiations with hospital-based physicians in good faith and not simply to lower the benchmark rate year over year. However, Maryland HMO law does not provide a date certain in the calculation methodology for out of network rates.

This legislation aligns the HMO law with the PPO law by adding a date certain in the HMO law from which the insurer must base calculations for out of network payment to providers. Current law references 125% of the average contractual rate the health maintenance organization paid as of "January 1 of the previous calendar year". Senate Bill 416 changes this to ... **"125% of the average contractual rate the health maintenance organization paid as of JANUARY 31, 2019... INFLATED BY THE CHANGE IN THE MEDICARE ECONOMIC INDEX FROM 2019 TO THE CURRENT YEAR."**

Furthermore, "Greater of" language is included to ensure that providers are not subject to rates lower than what they would receive today.

This date reflects what is established in the Federal No Surprises Act to serve as a date certain from which insurers must utilize in determining out of network rates. The date certain provides an important baseline from which insurers must base their non-par reimbursement calculations. Aligning the HMO and AOB laws through the utilization of a date certain that coincides with the Federal No Surprises Act is an important step to take.

**For these reasons we ask for a Favorable report on Senate Bill 416.**

For more information:

Barbara Brocato – [barbara@bmbassoc.com](mailto:barbara@bmbassoc.com)

Dan Shattuck – [dans@bmbassoc.com](mailto:dans@bmbassoc.com)

# **Testimony in support of SB0416 - Payments to Nonpa**

Uploaded by: Richard KAP Kaplowitz

Position: FAV

SB0416\_RichardKaplowitz\_FAV

02/18/2026

Richard Keith Kaplowitz

Frederick, MD 21703

**TESTIMONY ON SB#0416 POSITION: FAVORABLE**

**Health Maintenance Organizations - Payments to Nonparticipating Providers -  
Reimbursement Rate**

**TO:** Chair Beidle, Vice Chair Hayes, and members of the Finance Committee

**FROM:** Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#/0416, **Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate**

This accomplishes two purposes.

1. **A change in the date used** to determine the average rate the health maintenance organization paid as of [January 1 of the previous calendar year] JANUARY 31, 2019, in the same geographic area
2. **An increase in the reimbursement rate** inflated by the change in the Medicare economic index from 2019 to the current year

The change in compensation rates and how they are calculated will encourage non participating providers to work with health maintenance organizations to provide services even when their status is nonparticipating.

The bill will accomplish this by altering the reimbursement rate at which health maintenance organizations are required to pay certain nonparticipating health care providers for services.

**I respectfully urge this committee to return a favorable report on SB#/0416.**

# **SB 416 Letter - Support.pdf**

Uploaded by: Taylor Dickerson

Position: FAV



February 16, 2025

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Senator Pamela Beidle, Chair  
Senator Antonio Hayes, Vice Chair  
Finance Committee  
Miller Senate Office Building, 3 East  
Annapolis, MD 21401

**RE: SB 416 Health Maintenance Organizations – Payments to Nonparticipating Providers – Reimbursement Rate**

**Position: SUPPORT**

Dear Chair Beidle, Vice-Chair Hayes, and Members of the Committee:

The Maryland Psychological Association, (MPA), which represents over 1,000 doctoral level psychologists throughout the state, asks the Senate Finance Committee to **FAVORABLY report on SB416**.

SB 416 aligns the HMO law with the PPO law by adding a specific date to the HMO law from which the insurer must base calculations for out of network payment to providers. Maryland's PPO law has the specific date of January 1, 2010, to be sure that insurers enter contract negotiations with hospital-based physicians in good faith (as opposed to, for example, lowering the benchmark rate year over year). **However, Maryland HMO law does not provide a date certain in the calculation methodology for out of network rates and this problem would be remedied with SB 416.**

Current law references 125% of the average contractual rate the health maintenance organization paid as of "January 1 of the previous calendar year". **Senate Bill 416** changes this to ... "125% of the average contractual rate the health maintenance organization paid as of **JANUARY 31, 2019... INFLATED BY THE CHANGE IN THE MEDICARE ECONOMIC INDEX FROM 2019 TO THE CURRENT YEAR.**" This date reflects what is established in the Federal No Surprises Act to serve as the specific date and baseline from which insurers must utilize in determining out of network rate.

We urge the Committee to issue a **favorable report on SB 416**. If we can be of any further assistance, please do not hesitate to contact MPA's Legislative Chair, Dr. Stephanie Wolf, JD, Ph.D. at [mpalegislativcommittee@gmail.com](mailto:mpalegislativcommittee@gmail.com).

Respectfully submitted,

*Stephanie Wolf, JD, Ph.D.*  
Stephanie Wolf, JD, Ph.D.  
President

*Stephanie Olarte, Ph.D.*  
Stephanie Olarte, Ph.D.  
Chair, MPA Legislative Committee

cc: Barbara Brocato & Dan Shattuck, MPA Government Affairs

**SB0416\_FWA\_MedChi, MDACEP\_HMOs - Payments Nonparti**

Uploaded by: Danna Kauffman

Position: FWA



The Maryland State Medical Society  
1211 Cathedral Street  
Baltimore, MD 21201-5516  
410.539.0872  
Fax: 410.547.0915  
1.800.492.1056  
www.medchi.org

Senate Finance Committee  
February 18, 2026

Senate Bill 416 – *Health Maintenance Organizations – Payments to Nonparticipating Providers – Reimbursement Rate*

**POSITION: SUPPORT WITH AMENDMENT**

On behalf of MedChi, The Maryland State Medical Society, and the Maryland Chapter of the American College of Emergency Physicians (MDAECPE), we submit this letter of **support with amendment** for Senate Bill 416, which alters the reimbursement rate a health maintenance organization (HMO) must pay a nonparticipating provider. Specifically, if an HMO pays a nonparticipating provider 125% of the average rate the HMO paid, reimbursement must be based on the rate paid as of January 31, 2019, indexed for inflation.

This bill seeks to address a disparity in Maryland’s healthcare system: the low payment rates insurers pay to physicians and other healthcare practitioners. A study by the Maryland Health Care Commission ([Maryland Insurer and Provider Market Concentration Study in Maryland](#)) substantiated that Maryland’s payment rates by commercial healthcare insurers (when compared to Medicare) are among the worst in the country. Maryland ranks third from the bottom, only ahead of Alabama and Delaware. Payment rates by healthcare insurers are stagnant and are not keeping up with the cost of providing care and inflation. As a result, many physician practices have closed or announced they can no longer participate with certain insurance companies because of low payment rates, which disadvantages patients by forcing them to be out of network to stay with that physician or switch physicians.

Senate Bill 416 seeks to address the nonparticipating provider rate by amending the formula to better align with today’s costs. While opponents will argue that it will disincentivize physicians and other practitioners from joining an insurer’s network, there is no evidence that this will occur. In fact, that was the argument made when Maryland passed the Assignment of Benefits law, and the exact opposite occurred: more physicians and other practitioners joined insurance networks. Again, this proposal aims to provide fair rates to nonparticipating providers, as negotiated rates are often too low to remain in the network. Ultimately, Maryland needs to address the broader rate issue, and hopefully, this bill will be a start. While we offer no specific amendment at this time, MedChi and MDACEP recognize the need to ensure that setting a date certain should not disadvantage any specialty. We look forward to working on this issue and on the bill.

**For more information call:**

Danna L. Kauffman  
J. Steven Wise  
Andrew G. Vetter  
Christine K. Krone  
410-244-7000

**SB416\_Cross\_Testimony favorable with amendments.pdf**

Uploaded by: Dr Cashenna A Cross

Position: FWA

## **Testimony in Favor with Amendments**

### **Senate Bill 416 Health Maintenance Organizations Payments to Nonparticipating Providers Reimbursement Rate**

Chair, Vice Chair, and Members of the Committee:

My name is The Honorable Dr. Cashenna A. Cross. I serve as a municipal elected official in Prince Georges County, Maryland, a United States Air Force veteran, and a public servant who has spent decades working at the intersection of community stability, public safety, and access to essential services. I appear before you today in support of Senate Bill 416 with targeted amendments to strengthen patient protections, provider fairness, and system transparency.

This legislation addresses a long standing imbalance experienced by patients and health care providers when services are delivered by nonparticipating providers. In emergency and trauma situations, patients do not choose networks. They seek care. Providers respond immediately, often without the certainty of fair reimbursement. When reimbursement structures lag behind real economic conditions, the result is reduced provider participation, increased administrative conflict, and instability in access to care.

Senate Bill 416 takes an important step by modernizing reimbursement calculations and tying payment levels to measurable economic indicators. Aligning reimbursement with the Medicare Economic Index recognizes the real cost of delivering medical services and helps stabilize trauma and evaluation services that communities depend upon. This is particularly important for working families, seniors, and veterans who rely on predictable access to care.

From a local government perspective, health care access directly impacts community resilience. When providers are forced to absorb underpayment, hospitals and trauma systems experience strain that ultimately reaches municipalities through increased emergency demand and delayed care outcomes. Fair reimbursement strengthens the entire public health ecosystem.

While I support the intent and structure of Senate Bill 416, several amendments would ensure balanced implementation:

First, require clear annual public reporting by health maintenance organizations demonstrating compliance with reimbursement standards, including aggregated payment data. Transparency will build trust and reduce disputes.

Second, include explicit patient protection language preventing cost shifting to enrollees when disputes occur between insurers and providers. Patients should never become financial intermediaries in network disagreements.

Third, establish a standardized dispute resolution timeline so providers and insurers resolve payment disagreements quickly, reducing administrative burden and protecting continuity of care.

With these amendments, Senate Bill 416 will advance fairness without creating unintended consequences. It supports trauma readiness, protects patients during vulnerable moments, and promotes a sustainable health care delivery system across Maryland.

For these reasons, I respectfully request a Favorable Report with Amendments on Senate Bill 416.

Respectfully submitted,

The Honorable Dr. Cashenna A. Cross

Municipal Advocate and United States Air Force Veteran

571 719 8784

**SB 416\_HMO Nonpar Reimbursement\_Oppose.pdf**

Uploaded by: Allison Taylor

Position: UNF



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

February 18, 2026

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

**RE: SB 416 – Oppose**

Dear Chair Beidle and Members of the Committee:

Kaiser Permanente respectfully opposes SB 416, “Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate.”

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.<sup>1</sup> Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for over 775,000 members. In Maryland, we deliver care to approximately 425,000 members.

As a group-model health maintenance organization (HMO), KP closely coordinates primary, secondary, and hospital care; places a strong emphasis on prevention; and extensively uses care pathways and electronic medical records. Compared with more than 1,000 health plans nationwide, Kaiser Permanente’s Mid-Atlantic region is one of only two commercial health plans to receive 5 out of 5 stars from the 2023 National Committee for Quality Assurance’s (NCQA) Health Plan Ratings annual report. Kaiser Permanente is renowned for the tight integration of its clinical services, meaning that it is selective about which health providers it contracts with in order to provide the highest quality affordable health coverage for its members.

Current law requires that an HMO pay a nonparticipating provider the greater of two rates for an evaluation and management service: 1) either 140% of the rate paid by Medicare, or 2) 125% of the average rate from January 1 of the previous year. SB 416 proposes to amend the latter alternative, to tie the reimbursement rate to 125% of the average rate paid as of January 31, 2019, inflated by the change in the Medicare Economic Index from 2019 to the current year.

This law would substantially increase the rates nonparticipating emergency service providers could charge HMOs, with no corresponding benefit to consumers. The No Surprises Act, which took effect in 2022, prohibits a provider from billing a patient more than their in-network cost-

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<sup>1</sup> Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation’s largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente’s members.

sharing for emergency services, even if the provider is out-of-network. Consequently, average provider rates are lower now because they no longer include amounts that patients received as balance/surprise bills.

By tying the reimbursement rate to 2019, i.e., before the No Surprises Act, this bill would allow nonparticipating providers to bill HMOs for the amount they would have previously billed patients. Consequently, it provides a disincentive for provider groups to join HMO networks, and patients will experience these increased costs in the form of higher premiums. As a result, this legislation is at odds with the objective of the No Surprises Act to protect patients from the high costs of out-of-network emergency care. It is also at odds with the objective of Kaiser Permanente to provide the highest quality care at the lowest cost.

Kaiser Permanente respectfully requests an unfavorable report for SB 416. 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

# **SB 416\_MDCC\_Health Maintenance Organizations-Payme**

Uploaded by: Hannah Allen

Position: UNF



## Senate Bill 416

Date: February 18, 2026

Committee: Finance

**Position: Unfavorable**

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Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

Senate Bill 416 (SB 416) would amend the reimbursement rate at which health maintenance organizations (HMOs) are required to pay nonparticipating health care providers for services.

Under current statute, HMOs must compensate nonparticipating providers for evaluation and management services at either 140% of the Medicare rate or 125% of the previous year's average rate. SB 416 would tie the reimbursement rate 125% of the average rate paid as of January 31, 2019, adjusted by the Medicare Economic Index change from 2019 to the current year.

There is already a formula for what an HMO must pay out of network, and patients are protected under federal law from unexpected costs of emergency services. The federal No Surprises Act of 2022 prevents providers from charging patients more than their in-network cost-sharing for emergency services, even if the provider is out-of-network. This means that a provider cannot 'balance bill' out of network members who receive emergency services, protecting patients from receiving a large or surprise bill. This reduces the rate at which providers can charge for their services. SB 416 would substantially raise the rates nonparticipating emergency service providers could bill HMOs, without offering any corresponding benefits to consumers.

SB 416 would lead to increased health care costs to employers and their employees without any increase in the quality of health care services. Employers could also see impacts in employee satisfaction and retention if healthcare costs rise significantly.

We urge the committee to consider the implications this legislation could have on consumers. Additionally, there is concern that this is a workaround to the existing federal law.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 416**.