

February 24th, 2026

HB1112 - Health Insurance Coverage Protection Commission - Study on Individual and Group Health Insurance Market Stability

FAV with Sponsor Amendment

Dear Madam Chair and Members of the Committee:

My name is Emily Leonard. I live in Baltimore City and am testifying today on behalf of Progressive Maryland. I am also a former Medicaid employee for the state of Maryland, and I have seen firsthand the challenges created by requiring state agencies and providers to coordinate care across nine different Managed Care Organizations.

The sponsor amendment to HB 1112 would allow the Maryland Medicaid Advisory Committee to study transitioning away from our current, fragmented MCO structure toward a direct payment, fee-for-service Medicaid system- an approach that could generate significant cost savings for the state.

MCOs take about 13 cents of every Medicaid dollar for administrative costs and profit, while states can administer Medicaid directly for closer to 3 cents on the dollar. Redirecting those funds back into care could save Maryland up to \$521 million annually. Connecticut adopted a similar model in 2012 and has saved roughly \$4 billion while increasing provider participation in Medicaid.

These savings are especially important as recent federal budget changes reduce Medicaid funding nationwide over the coming decade. Medicaid covers one in four Marylanders, including children, seniors, people with disabilities, and most nursing home residents.

Fragmentation across nine MCOs also creates operational dysfunction. Public health workers spend significant time navigating insurance requirements instead of improving health outcomes, forcing public servants to focus on coordinating with multiple companies rather than doing public health work.

At a time of federal funding reductions, Maryland should examine options that retain more Medicaid dollars within the state and direct them toward patients, providers, and long-term care services.

I respectfully urge favorable consideration of this amendment.

Thank you.

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