TO:
Chair Heather A. Bagnall
and Members of the House Health Committee
Maryland House of Delegates

FROM:
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POSITION: SUPPORT

Testimony in Support of House Bill 1126
Health Insurance and Managed Care Organizations – Laboratory Services – Contract Providers
House Health Committee
Hearing: March 19, 2026 at 1:00 PM

Dear Chair Bagnall and Members of the Committee,

My name is Sherry Dadgar. I am a clinical molecular, board-certified geneticist who established a clinical laboratory with the goal of advancing precision medicine. Our laboratory was honored to be recognized by Montgomery County Executive Marc Elrich for contributions to advancing precision medicine, and we recently received a citation from Governor Wes Moore, delivered by Lt. Governor Aruna Miller, recognizing the quality of care we provide.

I currently serve as a faculty member at The George Washington University and am actively involved with the NIH and NHGRI in training the next generation of clinical laboratory geneticists - professionals who are trained and board-certified to lead and operate licensed clinical laboratories. I also serve on the Economics Committee of the American College of Medical Genetics and Genomics, the leading professional organization that develops guidelines for clinical genetics and genomics practice.

I have spent many years working in advanced diagnostic testing and patient care, and I am here today in strong support of House Bill 1126.

At its core, this bill asks a basic question of fairness:
Should a patient's access to medically necessary testing depend on the type of insurance card they carry?

Today in Maryland, a well-resourced patient with private Preferred Provider Organization (PPO) insurance can often access advanced diagnostic testing when their healthcare provider deems it medically necessary. However, patients with Medicaid or Health Maintenance Organization (HMO) plans often cannot.

This raises serious concerns about the restrictive contracting practices used by certain carriers and Managed Care Organizations (MCOs) that administer Medicaid, as well as some commercial plans in Maryland. More than 86 percent of Maryland Medicaid beneficiaries are enrolled in managed care plans (1).

Many of these plans contract almost exclusively with a small number of large corporate laboratories that may not offer the specialty tests smaller and local independent laboratories provide. As a result, patients are often forced into very narrow laboratory networks dominated by national companies, even when qualified local laboratories are available.

Why does this matter?

Because these exclusive networks limit where healthcare providers can send patient samples for testing. In many cases, specialized testing must be sent to laboratories outside Maryland, even when local laboratories have the same or better capabilities.

This creates several problems for patients and for our healthcare system:

1. **Specialized test results take longer.** When samples are shipped across the country, healthcare providers may wait days, or sometimes weeks, for answers that could have been delivered much faster by a local laboratory.
2. **Competition disappears.** When only a few companies control access to testing, innovation slows and prices remain high. Competition normally drives better quality and lower costs; when it is restricted, patients and taxpayers ultimately pay the price.
3. **Local laboratories struggle to survive.** When qualified laboratories are locked out of insurance networks, they cannot sustain operations. Over time, this pushes local labs out of business and concentrates testing in just a few large national corporations.

The consequences of this problem affect Maryland in three important ways:

1. Preparedness for Public Health Emergencies

Local laboratories are critical during public health emergencies, as we saw during the COVID-19 pandemic. In early 2020, public health authorities urgently needed laboratories that could begin

testing immediately. Many large national laboratories were overwhelmed and took months to expand capacity.

Local laboratories stepped in and provided testing when the state needed it most. Without these local labs, many Maryland residents would have waited much longer for testing during a rapidly spreading pandemic. Yet many of these same laboratories face serious barriers to participating in insurance networks during normal times. Without access to patients, they cannot stay open. If they disappear, Maryland will have far fewer resources when the next public health emergency arrives.

2. Impact on Everyday Patient Care

This issue also affects every day medical care. Laboratory testing accounts for only a small fraction of total healthcare spending—around 2–3 percent—yet it informs an estimated 60–70 percent of clinical decisions (2,3).

Consider a common situation: a patient is being evaluated for suspected pneumonia. When testing can be performed quickly at a local laboratory, a rapid molecular diagnostic test can identify the exact germ causing the infection and guide treatment much faster than sending samples to an outside laboratory. This allows the healthcare provider to start the right antibiotic sooner, sometimes the same day.

Faster diagnosis prevents patients from waiting and wondering if treatment is working. Instead of guessing and trying multiple medications, healthcare providers can begin targeted therapy immediately. Early, accurate treatment can prevent infections from worsening or spreading to the bloodstream, reducing hospitalization or life-threatening complications.

Rapid molecular testing for pneumonia pathogens significantly increases the likelihood of receiving pathogen-directed therapy and shortens the time to targeted treatment compared with conventional methods (4). Limiting access to advanced infectious disease testing also makes it harder to control recurrent infections and antibiotic resistance, an urgent public health threat identified by CDC, NIH, and leading infectious disease researchers.

Timely diagnostic access can reduce hospitalizations by 40% and emergency visits by nearly half (3). The CDC reports 2.8 million antimicrobial-resistant infections and 35,000 deaths annually, adding $4.6 billion in costs (5). Early molecular testing improves medication selection and reduces inappropriate use by one-third (6). In other words, a small investment in testing prevents much larger healthcare costs later.

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3. Impact on Maryland's Biotechnology Economy

This issue also affects Maryland's biotechnology and life sciences economy. Maryland has invested heavily in building a strong biotechnology sector. But when testing is directed almost

entirely to corporations headquartered out of state, the economic benefits leave Maryland as well.

Local laboratories support high-skilled jobs, scientific innovation, and local economic growth. Excluding them from healthcare networks weakens the very ecosystem Maryland has worked hard to build. Meanwhile, other states are supporting local laboratories and encouraging innovation. If Maryland continues to exclude independent laboratories, we risk losing both healthcare capacity and scientific talent.

Some insurers have suggested that allowing broader laboratory participation could increase costs by 30–40 percent. Yet laboratory services represent less than 1% of total Medicaid spending in Maryland, despite Medicaid accounting for more than one-fifth of the State's overall budget (7). It is difficult to see how expanding access within such a small part of the healthcare budget could create dramatic increases. In fact, more competition among qualified laboratories is far more likely to lower costs than raise them.

Importantly, HB1126 does not expand benefits, increase payment rates, or weaken quality standards. It simply ensures that laboratories that already meet strict federal and state requirements, including CLIA certification, national accreditation, and state licensure (COMAR); are not unfairly excluded from serving patients. Health plans would still maintain full authority over credentialing, utilization management, and fraud prevention.

National Models

Other states have already addressed this issue:

- Tennessee: requires insurers to contract with any licensed laboratory that meets credentialing standards.
- Kentucky: updated its Any Willing Provider law to recognize laboratories as providers.
- New Jersey: long implemented an Any Willing Provider framework for qualified laboratories.
- Virginia: recognizes clinical laboratories as healthcare providers.
- Arkansas: requires insurers to accept any qualified provider, including laboratories.
- Texas: implements Any Willing Provider Protection and network adequacy rules.
- North Carolina: enforces network adequacy standards emphasizing timely access to diagnostic services.
- New York: maintains robust network adequacy and patient access requirements for diagnostic and laboratory services.

These policies demonstrate that expanding patient access to qualified laboratories is feasible while maintaining strong oversight and quality standards.

At the end of the day, this bill is about patients and common sense. No patient should experience delayed diagnosis, prolonged illness, or higher healthcare costs simply because the laboratory capable of performing the test is excluded from an insurance network.

Maryland patients deserve timely access to medically necessary testing. Healthcare providers deserve the ability to choose the best laboratory for their patients. And our state deserves a strong local laboratory infrastructure that can support both everyday healthcare and future public health emergencies.

For these reasons, I respectfully urge the Committee to give HB1126 a favorable report.

Thank you for your time and your commitment to the health of Maryland residents.

Respectfully submitted,

Sherry Dadgar, MSc, MPhil, PhD, DABMGG, FACMGG, NYQC
CEO and Founder, Precision Medicine Care (PMC)

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