



Empowering People to Lead Systemic Change
The Protection and Advocacy System for the State of Maryland

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House Health Committee
HB 971 Maryland Medical Advisory Committee - Duties and
Workgroup to Study the Adoption of a Fee-for-Service Model for All
Medicaid Services
February 24, 2026
Favorable with Amendments

Disability Rights Maryland (DRM), the state's designated Protection and Advocacy agency, defends and advances the rights of people with disabilities. DRM works to increase opportunities for Marylanders with disabilities to be integrated into their communities and access high-quality, affordable healthcare. DRM supports HB 971, which establishes an advisory committee to study the transition to a fee-for-service (FFS) program for all Medicaid services. However, DRM requests that the bill be amended to explicitly ensure that the study includes consideration of Medicaid recipients' access to care.

HB 971 comes at a critical time for the 1.7 million Marylanders who rely on Medicaid for their health care.¹ The Maryland Department of Health is projecting unprecedented federal cuts to Medicaid, possibly almost 20 percent of the state's current funding.² Maryland needs to conserve spending while protecting recipients access to quality care. HB 971 establishes a work group to study adopting a FSS model to increase state savings on Medicaid.

Since 1996, most Maryland Medicaid recipients have been enrolled in Medicaid through managed care organizations (MCOs).³ MCOs are private insurance plans that receive a fixed per-member fee from the state to cover all necessary care for enrollees. Even with federal and state oversight, this system can create incentives for companies to undertreat recipients or deny

¹ The Hilltop Institute, Maryland Medicaid Dataport, *Medicaid Enrollment*, https://hilltopinstitute.org/public-dataport/#pac_dtm_child_3.

² Danielle Brown, *Health official warns that future Medicaid cuts could lead to \$2.7 billion loss in federal funding*, Maryland Matters (January 29, 2026), <https://marylandmatters.org/2026/01/29/health-official-warns-that-future-medicaid-cuts-could-lead-to-2-7-billion-loss-in-federal-funding/>.

³ Some populations receive services through FFS, including those on Medicaid services waivers, rare and expensive case management and the community first choice programs.

care to maximize company profits.⁴ In contrast, under the FFS model, states pay the providers directly for each service provided.

HB 971 requires the workgroup to study Connecticut's transition from MCO to FFS delivery in 2011. A recent study found that Connecticut now spends 14 percent less per enrollee than the Northeastern average while maintaining access to care comparable to national benchmarks.⁵ HB 971 also directs the workgroup to examine Maryland's experience administering FFS, review other states' experience with FFS delivery, assess evidence on the effectiveness of FFS, evaluate the feasibility of a direct care model, and consider a timeline for implementation.

DRM requests that the bill be amended to require the workgroup to study Medicaid recipients' access to quality care under FFS. MCOs nationwide, including in Maryland, have concerning high rates of prior authorization denials, which delay or prevent recipients from accessing medically necessary care.⁶ While recipients are entitled to an internal appeal and a Medicaid fair hearing, only about 11 percent of prior authorization denials are appealed nationwide.⁷

In Maryland, the MCO appeal process is slow and complex, often taking months or even up to a year for recipients to obtain approval for medically necessary services. When appeals are filed, decisions are often overturned: for five Maryland MCOs, over 50 percent of appeals are overturned in favor

⁴ Three of Maryland's nine MCO parent companies are in the top 20 of the S&P Fortune 500. UnitedHealthcare Community Plan parent company, United Healthcare is #3; Aetna Better Health of Maryland's parent company, CVS Health, is #6; Wellpoint's parent company, Elevance Health, is #15. All three MCOs had prior authorization denial rates above 27%.

⁵ Connecticut Department of Social Services, *Medicaid Landscape Analysis*, https://portal.ct.gov/dss/home/-/media/dss/ct_dss_medicaid-landscape-analysis_final-report_1252024_v2.pdf (December 2024).

⁶ Christi Grimm, Inspector General, Department of Health and Human Services Office of Inspector General, *High Rates of Prior Authorization Denials by Some Plans and Limited State Oversight Raise Concerns About Access to Care in Medicaid Managed Care*, <https://oig.hhs.gov/reports/all/2023/high-rates-of-prior-authorization-denials-by-some-plans-and-limited-state-oversight-raise-concerns-about-access-to-care-in-medicare-managed-care/> (July 17, 2023); Maryland Department of Health, *Medicaid Managed Care Organization Grievances, Appeals, & Denials Focused Review Report Measurement Year 2024*, (<https://health.maryland.gov/mmcp/healthchoice/Documents/MY2024-Grievance-Appeals-Denials-Annual-Report.pdf>), (July 2025).

⁷ *Id.*

of the recipient.⁸ The workgroup should study how a FFS model may improve the timely delivery of medically necessary care, particularly for Maryland's most vulnerable communities.

DRM Suggests the following language:

Amend [SECTION 2 (f), line 18] to read: **(7) examine how fee-for-service may impact recipients access to care, delivery of timely service, and preauthorization requirements, denial and approval rates.**

For these reasons, we request a favorable report on HB 971 with the proposed amendment. Thank you for your consideration of this bill.

Contact: Daria Pugh, Esq. at DariaP@DisabilityRightsMD.org or (443) 692-2487.

⁸ Maryland Department of Health, *Medicaid Managed Care Organization Grievances, Appeals, & Denials Focused Review Report Measurement Year 2024*, (<https://health.maryland.gov/mmcp/healthchoice/Documents/MY2024-Grievance-Appeals-Denials-Annual-Report.pdf>), (July 2025) (Jai Medical Systems, Inc. at 78%, MedStar Family Choice, Inc. at 71%, CareFirst Community Health Plan at 66%, UnitedHealthcare Community Plan at 53% and Kaiser Permanente of the Mid-Atlantic States, Inc. at 52%.