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Health Committee

Subcommittees

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Insurance

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of House Bill 1153: Maryland Medical Assistance Program and Health Insurance - Claims for Reimbursement - Downcoding

Health Committee

March 5, 2026

Good afternoon, Chair Bagnall, Vice Chair Cullison, and members of the Health Committee. I'm Delegate Pam Guzzone, representing Howard County's District 13, and I am here in support of House Bill 1153, which would protect healthcare providers from the unfair downcoding practices of insurers.

Downcoding is a process by which an insurer or health care payor unilaterally changes the service code submitted by a provider down to one reflecting a lower level of care, resulting in reduced reimbursement to that provider. Although such adjustments may be appropriate in certain instances, downcoding seems increasingly to be used as a cost-saving measure for large insurance companies rather than as a safeguard against improper billing.

You will hear from the Maryland Insurance Administration that insurers are prohibited from downcoding, yet practitioners are increasingly reporting that the incidence of downcoding has become more routine. For practices treating complex or high acuity patients, downcoding is especially, and negatively, impactful; and has led some providers to stop accepting certain insurance plans all together. More on that will be shared by my panel.

Downcoding shifts the burden onto the practitioners to identify and to challenge the reduced payments for services already provided. In addition, often there is no advance notice of the downcoding from insurers and because there is no advance notice, practitioners are unaware of the reduced payment until they reconcile their accounts – which may be weeks or even months later. And when providers do push back, insurers often try to bypass established appeals processes, further putting the onus on the provider to prove appropriate provision of treatment rather than on the insurer to justify their rationale for cutting reimbursement.

This bill establishes reasonable protections against the abuse of downcoding. Specifically, it prohibits insurers from downcoding based solely on the diagnosis code rather than also reviewing the clinical documentation. It also prohibits using AI tools or algorithms to automatically reduce codes, and it prohibits using practices that target practitioners who treat

patients with complex medical conditions.

The bill further ensures that claims for emergency services cannot be reduced based on the final diagnosis rather than on the symptoms – measured against the prudent layperson standard – that the patient presented with in the emergency.

In closing, House Bill 1153 is about fairness, transparency, and accountability. By establishing reasonable parameters, including advance notice of any coding changes and clear, written justification for those changes, this legislation restores balance to the reimbursement process. It ensures that insurers cannot quietly reduce payment through downcoding and shift the burden onto practitioners to discover and dispute those reductions after the fact.

Several states, including Virginia and Ohio, have already enacted legislation to regulate downcoding, demonstrating a growing recognition that fair, clinically-grounded reimbursement practices are necessary to protect both providers and the patients they serve.

It is important to note that requiring transparency does not prevent legitimate claim review. It simply ensures that any modification is communicated openly, supported by a clear rationale, and subject to a deliberate appeals process. These are safeguards that protect practitioners from unfair and deceptive practices designed to delay or reduce payment for services already rendered as well as reducing revenue and forcing already busy professionals to spend time on appeals instead of caring for patients.

When medical practices are paid accurately and promptly, they can focus their time and resources where they belong - on delivering quality care. Thank you, and I respectfully request a favorable report on HB1153.