Bill Title: HB0971: Maryland Medical Advisory Committee - Duties and Workgroup to Study the Adoption of a Fee-for-Service Model for All Medicaid Services
Position: FAVORABLE
To: House Health Committee
Hearing Date: Tuesday, February 24, 2026

Dear Chair Bagnall and Members of the House Health Committee:

My name is Yvette Delph and I am a retired physician living in Silver Spring, District 19. I am a member of Progressive Maryland's Health Care Task Force. I respectfully request your support of HB0971, which requires the Maryland Medical Advisory Committee to establish a workgroup to study the adoption of a fee-for-service model for all Medicaid services.

According to the Department of Health, Maryland will lose up to $2.7 billion in federal funding annually when all provisions of HR 1 (One Big Beautiful Bill Act (OBBBA)) are implemented, with the majority of funding losses incurred in FY 27 and FY 28 (between July 2026 and June 2028). Tens of millions of additional dollars will be needed to implement and administer OBBBA requirements, particularly those pertaining to eligibility changes such as work requirements. Medicaid is a lifeline for one in four Marylanders, including children and low-income families, people with disabilities, the elderly and working adults who don't have affordable insurance options, and five out of eight nursing home residents. Marylanders are living in fear that they, or someone they love or care for, will lose Medicaid and the essential medical care they need.

A report recently published by Physicians for a National Health Program estimates that the establishment of a fee-for-service model for all Medicaid services would save Maryland up to $521 million every year, based on 2023 expenditures (https://pnhp.org/removing-the-middlemen-from-medicaid/#appendix-f). Since Connecticut implemented such a system in 2012, it has saved $4 billion, spends 14% lower than the Northeastern average per Medicaid enrollee, and has lower administrative spending rates compared with the average of states using a managed care model (3.8% vs 9.4%). Connecticut has also seen the number of primary care physicians who participate in Medicaid increase by 14.6% and participating specialists increase by 11% - even without an increase in reimbursement rates. When there is less bureaucratic complexity, paperwork, and denial of care to deal with, clinicians are more likely to choose to serve Medicaid patients.

HB0971 offers the opportunity to study this cost-effective direct payment model and how best to implement such a model in Maryland. Based on 2023 expenditures published by the Maryland Department of Health, the nine managed care organizations providing healthcare for Medicaid enrollees in Maryland received more than $1 billion in administrative expenses and profits, or 13 cents of every dollar they received. Maryland could administer Medicaid directly for 3 cents on the dollar. At least seven other states are actively working on similar legislation (Hawaii, Illinois, Minnesota, New York, Rhode Island, West Virginia, and Wisconsin) and three others are considering it.

Administration of Medicaid by the state would be a win-win-win solution for Medicaid patients, providers, and the state as you consider the difficult choices you are being forced to make in the face of the OBBBA provisions, while avoiding cuts to critical services that could harm Marylanders and unnecessary increases in the number of residents without health insurance. I urge you to give favorable consideration to HB0971, which is a wise approach to examining this

proven strategy of a direct payment model and considering how best to implement it throughout Maryland's Medicaid program.

Sincerely,

Yvette Delph, MBBS, DA
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