

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

Position: Favorable with Sponsor Amendment

To: House Health Committee

From: Alankrita Olson

Date: 02/24/2026

Dear Madam Chair and Members of the Health Committee,

My name is Dr. Alankrita Olson, and I am a preventive medicine physician from Silver Spring. I am a member of Physicians for a National Health Program, and I am submitting this testimony in support of HB1112 with amendment.

The 2025 Budget Reconciliation Act reduces federal Medicaid funding by \$1 trillion over the next decade. Medicaid is a lifeline for one out of four Marylanders, including nearly half of all children in the state. As a result of these federal cuts, an estimated 175,000 Marylanders will lose coverage over the next few years. Maryland has few options outside of raising taxes, reducing services, or cutting coverage, if additional revenue or savings cannot be identified. The sponsor amendment to this bill provides an opportunity to explore a possible alternate solution: removing managed care organizations (MCOs) from Medicaid.

MCOs have been used to administer Medicaid as they assume the financial risk for the costs of Medicaid services, claim to reduce spending, and allege to improve care coordination. The reality is far different. The state still covers 14% of beneficiaries who are not under managed care, and they tend to be the sickest and most vulnerable individuals, or the highest-risk and most expensive population. Our current Medicaid Managed Care Program hemorrhages money through administrative waste, costing 13 cents on the dollar to create bureaucratic hurdles for patients and practitioners alike. Physicians disproportionately face most of that unnecessary administrative burden. From prior authorizations to appealing denials, we spend more time fighting the system to get our patients the care they need than we do with our patients. In addition, it is very frustrating to get patients to the right specialist with the narrow networks MCOs constructed, and this leads to further delay in care and negatively impacts health outcomes. Just last week, I was speaking with a colleague who shared the distress of trying to get a pediatric patient on Medicaid to a pediatric urologist because there was only one in their network. This distress compounds and occurs day in and day out, leading to moral injury in our physicians and other healthcare workers, and is often cited as a reason by so many leaving the field.

Connecticut removed MCOs from Medicaid in 2012. Since then, they saved \$4 billion, increased physician participation in the Medicaid Program, improved access to care for beneficiaries, and had better health outcomes as a result, with a decline in ER visits and hospitalizations, and an increase in early cancer detection and survival rate. If Maryland were to do the same, we could see a potential savings of \$521 million a year.

After removing MCOs, Connecticut decided to utilize an administrative service organization (ASO) to administer their Medicaid program. Maryland also uses an ASO to administer behavioral services covered within the Public Behavioral Health System, which includes Medicaid, the uninsured, and other eligible populations. This move to an ASO for behavioral services was driven by reducing practitioner administrative burden and to streamline payment, credentialing, and utilization review. An ASO provides an opportunity to standardize policy on authorization and reimbursement, and demonstrate transparency in financial and clinical decision-making, which is not possible with multiple MCOs.

Connecticut also implemented care coordination programs to improve access and health outcomes. Through the Total Cost of Care model, and now with the Achieving Healthcare Efficiency Through Accountable Design model, Maryland has been a champion of enhanced primary care delivery and improve care coordination. The Hilltop Institute at the University of Maryland, Baltimore County found that relative to a matched comparison group of Medicare FFS beneficiaries in Maryland, the introduction of MDPCP was associated with significant reductions in Medicare expenditure and inpatient utilization as well as moderate reductions in ED utilization.

97% of physicians surveyed in 2023 were “Satisfied” or “Very Satisfied” with the Connecticut Medicaid program. Removing MCOs in Maryland could improve practitioner satisfaction, increase practitioner participation in the Medicaid Program, and, as a result, provide patients with increased choice in doctors. To generate healthcare savings, help physicians provide better care, and improve access for patients, I urge the Health Committee to issue a favorable report on HB1112 with sponsor amendment.