

**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

**Hearing Date:** Thursday, February 26, 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 HB1112 with the sponsor amendment. This amendment would require the Maryland Medical Advisory Committee to establish a Workgroup to study the adoption of a direct payment system or fee-for-service model for all Medicaid services and report on its findings to the President of the Senate, the Speaker of the House of Delegates, and the Senate Finance and House Health Committees on or before January 1, 2027.

According to the Department of Health ([https://health.maryland.gov/mmcp/Documents/OBBBA\\_One-Pager\\_7.11.25.pdf](https://health.maryland.gov/mmcp/Documents/OBBBA_One-Pager_7.11.25.pdf)), 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 (July 2026-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. Maryland needs needs urgent solutions because 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>). Medicaid expenditures for 2023 published by the Maryland Department of Health (<MLRJCR9-25.pdf> Table 1), show that 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.

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, even without an increase in reimbursement rates, participating specialists increased by 11%. Connecticut contracts with administrative service organizations that were selected via competitive bid to provide, at the direction of the state, administrative services only. As Connecticut experienced, when bureaucratic complexity, paperwork, denials and delays of care, and provider payment delays are reduced, clinicians are more likely to choose to serve Medicaid patients, and enrollees are more satisfied with the state's Medicaid program. 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.

The direct payment model would be a win-win-win solution for Medicaid patients, providers, and the state. It would help to avoid cuts to critical services that could harm Marylanders as well as unnecessary increases in the number of residents without health insurance, while improving efficiency, cost-effectiveness, and enrollee and provider satisfaction. I urge you to give favorable consideration to HB1112 with the sponsor amendment—a wise approach to examining the proven direct-payment model and considering how best to implement it throughout Maryland's Medicaid program—as you consider the difficult choices you are being forced to make in the face of the OBBBA provisions.

Sincerely,

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