



Virant Diagnostics, Inc.

CLIA #: 21D2184276

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TO:

Chair Heather A. Bagnall
and Members of the House Health Committee
Maryland House of Delegates

FROM:

Joseph Chiao, MD
Pathologist (AP/CP)
Chief Medical Officer of Virant Diagnostics, Inc.
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11002 Veris Mill Road, Suite 404, Wheaton, MD 20902

DATE: March 17, 2026

POSITION: SUPPORT

RE: *Testimony in Support of House Bill 1126 - Health Insurance and Managed Care Organizations – Laboratory Services – Contract Providers (House Health Committee Hearing: March 19, 2026 at 1:00 PM)*

Dear Chair Bagnall and Members of the Committee,

Thank you for the opportunity to provide testimony in support of House Bill 1126.

My name is Joseph Chiao and I represent a clinical laboratory serving physicians and patients throughout Maryland. Laboratory testing plays a central role in modern medicine, with the majority of medical decisions relying on accurate and timely laboratory results (ref: Rohr UP, PLoS, 2016). Ensuring that diagnostic testing is timely, reliable, and accessible is essential to proper patient care.

House Bill 1126 addresses a growing problem in Maryland’s healthcare system: restrictive laboratory networks that limit patient access and interfere with physicians’ ability to manage care, even when qualified laboratories are fully licensed, CLIA-certified, and willing to meet insurer quality and reimbursement standards.

Currently, some insurers and managed care organizations restrict laboratory networks through exclusive or narrow contracting arrangements, often preventing community-based laboratories from participating. As a result, patients may be forced to use distant or centralized laboratories, which increases specimen transport time and delays critical diagnostic results, particularly for specialized and rare disease testing, which centralized labs often send out anyway, sometimes at higher cost. Local laboratories can reduce turnaround times from 48–96 hours to 12–48 hours, thus improving clinical decision-making and patient outcomes while reducing downstream costs for insurers and MCOs.

Due to restrictive credentialing tactics employed, many independent laboratory groups in Maryland and nationally have reported that restrictive payer network exclusions limit patient access to essential diagnostic services and have contributed to financial stress on community



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laboratories, with some laboratories closing or downsizing operations as a result of being unable to secure in-network participation affecting billing and reimbursement of performed testing despite meeting all regulatory and quality standards.

Opponents argue that expanding networks to include additional laboratories will increase healthcare costs. This is inaccurate. HB1126 does not require higher reimbursement rates or changes to payment structures. Laboratories must accept the existing contract terms and reimbursement schedules established by the insurer. Moreover, insurers already credential thousands of providers, making the addition of qualified laboratories operationally feasible and financially negligible.

Some claim that restrictive networks are necessary to ensure quality. In reality, clinical laboratory quality is strictly regulated under federal CLIA standards, with widely recognized accreditation programs such as the College of American Pathologists (CAP) and the Commission On Laboratory Accreditation (COLA). All laboratories performing patient testing must meet these rigorous standards, regardless of network participation.

Restrictive networks also reduce competition. Exclusive arrangements concentrate market power among a few national laboratories, limiting community laboratories' ability to serve physicians and patients. Healthy competition improves service, promotes innovation, and strengthens Maryland's healthcare infrastructure. HB1126 prevents monopolistic contracting by insurers and national laboratories, protecting patient access, physician choice, and local healthcare resources.

House Bill 1126 represents a balanced and reasonable policy approach. It does not dictate reimbursement rates, interfere with medical necessity determinations, or weaken regulatory quality standards. It simply ensures that laboratories meeting insurer requirements and accepting contract terms may participate in networks, improving access, supporting physician decision-making, and enhancing overall healthcare delivery.

For these reasons, I respectfully urge the Committee to give House Bill 1126 a favorable report.

Thank you for your consideration.

Joseph Chiao

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