



House Bill 917- Health Insurance - Retroactive Denial of Reimbursement

Position: *Support*
February 26, 2026
House Health Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support of House Bill 917.

HB 917 offers critical support for Maryland hospitals by addressing retroactive denials, which undermines clinical judgment and forces hospitals to reopen cases long after care has been provided. Retroactive denials occur when insurers reverse earlier coverage decisions after treatment has already taken place, creating financial uncertainty and significant administrative burden for hospitals that have delivered care in good faith. By creating clearer rules and limits around when these denials can occur, the bill improves operational stability and ensures that hospitals can plan, staff, and deliver care with confidence in the coverage determinations they receive at the time of service.

Across Maryland, hospitals are experiencing an unprecedented rise in denials from commercial insurers. Denial dollars have increased dramatically in recent years, rising more than 75% since FY 2021 and totaling more than half a billion dollars in FY 2024. These denials span every care setting. One in eight inpatient claims, one in 10 outpatient claims, and one in seven emergency department claims are denied. This means that \$1 out of every \$41 billed by a hospital is denied by an insurer. The result is a system that continually diverts resources away from patient care and into administrative work that produces no health benefit.

These denials are not abstract financial events. They represent delays and disruptions that undermine patient care. High denial rates prolong the time it takes for hospitals to be paid for services already delivered, significantly increasing accounts receivable days and forcing hospitals to devote more staff time to appealing preventable denials. These avoidable administrative burdens divert physicians, nurses, and care coordinators from patient care and contribute to burnout during a period when hospitals are already struggling with severe workforce shortages. Hospital staff are spending more time engaged in back and forth communication with insurers to justify decisions that clinicians have already determined are appropriate and medically necessary for their patients.

HB 917 would help address these challenges. By creating clearer standards and expectations around denials and strengthening the accountability of insurers when making determinations that affect patients' access to care, the bill reinforces the principle that clinical judgment should guide treatment decisions. When insurers make opaque or inconsistent decisions, the result is

disruption that harms patients and strains the entire system. Policies that promote transparency and reduce unnecessary administrative friction help ensure hospitals can focus on delivering safe, high-quality care rather than navigating procedural barriers.

For these reasons, we request a favorable report on HB 917.

For more information, please contact:

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