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TESTIMONY ON HB#/0971- POSITION: FAVORABLE

Maryland Medical Advisory Committee - Duties and Workgroup to Study the Adoption of a Fee-for-Service Model for All Medicaid Services

TO: Chair Bagnall, Vice Chair Cullison, and members of the Health Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of HB#/0971, **Maryland Medical Advisory Committee - Duties and Workgroup to Study the Adoption of a Fee-for-Service Model for All Medicaid Services**

The Medicare Rights Center is reporting that *States Already Cutting Medicaid, Massive Federal Cuts Yet to Come*¹

The budget reconciliation bill, HR 1, [contained drastic cuts to states' Medicaid funding and coverage](#). While most of these cuts have not yet gone into effect, many states are already fearing [economic downturns or recession](#) spurred in part by rising costs and tariffs. In response, some of these states have [already started cutting Medicaid spending](#), leading to access issues for people who get vital coverage from the program. In many areas, finding Medicaid providers can be difficult. [Medicaid's payment rates are lower than Medicare's](#) or other insurance and may [drive some providers away from treating patients with Medicaid coverage](#).

The American Medical Association tracks *Trends in health care spending* and notes it is rapidly becoming increasingly expensive.²

Here in Maryland, medically and financially vulnerable folks are living in fear that they or someone in their family will lose Medicaid and the essential medical care they need. Maryland also needs to identify new sources of significant revenue to offset the federal cuts and avoid cuts in services. Other states have implemented solutions that remove the use of middlemen Managed Care Organizations (MCOs) in favor of a direct payment system or fee-for-service model. A recent white paper published by Physicians for a National Health program estimates that Maryland could save up to \$521 million annually by taking a similar step.

¹ [https://www.medicarerights.org/medicare-watch/2025/10/02/states-already-cutting-medicaid-massive-federal-cuts-yet-to-come#:~:text=Over%20ten%20years%2C%20Medicaid%20will%20lose%20\\$930,funding%20tax%20cut%20for%20the%201%25%20which](https://www.medicarerights.org/medicare-watch/2025/10/02/states-already-cutting-medicaid-massive-federal-cuts-yet-to-come#:~:text=Over%20ten%20years%2C%20Medicaid%20will%20lose%20$930,funding%20tax%20cut%20for%20the%201%25%20which)

² <https://www.ama-assn.org/about/ama-research/trends-health-care-spending>

It is estimated that the ten cents from each Medicaid dollar that isn't going to MCOs can be used to pay for healthcare treatment, to fund state eligibility operations, and expand the pool of local health department navigators we will need to help people keep up with the new so-called work requirements. The other benefits like simplifying the system for enrollees and providers and a decrease in denials are also worth pursuing. At least seven other states are looking at this solution.

It is incumbent on Maryland to examine the problems we see now and can see coming down the road to find best practices to deal with the situation.

This bill will require the Maryland Medical Advisory Committee to form subcommittees and workgroups, as necessary, to carry out the duties of the Committee; establishing the Workgroup to Study the Adoption of a Fee-for-Service Model for all Medicaid Services to study the feasibility of implementing a direct care payment model throughout the State's Medicaid program; and requiring the workgroup to report its findings and recommendations to the Advisory Committee and certain members of the General Assembly by January 1, 2027.

This report can guide Maryland's Governor and General Assembly in the creation of solutions to identified problems and challenges.

I respectfully urge this committee to return a favorable report on HB#/0971.