

TO: Chair Heather Bagnall, and Members, House Health Committee

FROM: Will Tilburg
Vice President, Government and Regulatory Affairs
University of Maryland Medical System

DATE: March 5, 2026

RE: House Bill 1376 – Maryland Medical Assistance Program, Maryland Children's Health Program, and Health Insurance – Transfers to Special Pediatric Hospitals – Requirements

Position: Favorable

The University of Maryland Medical System (“UMMS”) strongly supports House Bill 1376 – Maryland Medical Assistance Program, Maryland Children's Health Program, and Health Insurance – Transfers to Special Pediatric Hospitals – Requirements, and requests a favorable committee report. The bill clarifies prior legislation governing the transfer of patients from an acute care hospital to a special pediatric hospital. Specifically, the bill allows Maryland Medicaid to provide a prior authorization determination for a transfer to a special pediatric hospital, *if requested by the special pediatric hospital*.

UMMS co-owns Mount Washington Pediatric Hospital (MWPH) with Johns Hopkins Medicine. MWPH is uniquely suited to treat children who need post-acute care for complications of premature birth, severe birth defects, multi-system chronic illnesses, and rehabilitation due to accident or injury. The hospital has an average inpatient daily census of 45, with 75 percent of inpatients covered by Maryland Medical Assistance. It also provides over 60,000 outpatient visits per year, including rehabilitation therapies, specialty clinics, and much-needed behavioral health services.

Last year, the Health and Government Operations Committee and the General Assembly unanimously passed HB 1301 (2025), which prohibited Maryland Medicaid and its Managed Care Organizations from requiring a prior authorization for a transfer to a special pediatric hospital. The legislation was intended to allow a child to access care at MWPH and other specialty pediatric hospitals when they are medically ready, and help patients and families avoid long delays while insurance companies review clinical information – a process that can several take days or weeks. Since the legislation took effect, the new process has worked well across all MCOs and commercial payers. The impact of the legislation has been significant for some of the most vulnerable children and youth in Maryland, and is due to the leadership of this committee and the General Assembly. Thank you.

Lack of Consideration of Medical Necessity Until After Admission to MWPH

Unfortunately, Maryland Medicaid alone among the payers, has interpreted the legislation as preventing them from considering the medical necessity of a patient until *after* the patient is already admitted to MWPH. While there is generally a level of certainty and consensus around patients who qualify for specialty pediatric services, there are still cases where the hospital and the payer disagree. If the State refuses to assess medical necessity until *after* admission, the hospital is at substantial risk for lengthy inpatient stays with no reimbursement. This is because even with the new law, admissions without an initial medical necessity approval are denied for payment even at the lower, administrative day rate.

Lack of Defined Appeal Rights

Moreover, in October 2024, Maryland Medicaid issued a transmittal to MWPH stating that a special pediatric hospital can pursue a “retrospective review” of a Medicaid medical necessity denial for continued hospital care. This transmittal marked a deviation from longstanding agency practice, which limited appeal rights to the patient and only sometimes permitted the hospital to appeal on behalf of a patient. Since this change, however, the Department has not adopted regulations or otherwise clarified the process or scope associated with this retrospective review. Absent clear appeal rights, MWPH and other specialty pediatric hospitals are left without any recourse in instances of denied claims.

MWPH, Johns Hopkins, and UMMS are requesting that the Committee support HB 1376 in order to clarify that (1) the legislation passed last year allows Maryland Medicaid to provide a prior authorization determination for a transfer to a special pediatric hospital, if requested by the special pediatric hospital, and (2) a special pediatric hospital has the right to appeal the denial of a determination by Maryland Medicaid that a transfer to their facility is not medically necessary.

Proposed Amendments

In addition, MWPH, Johns Hopkins, and UMMS are requesting certain clarifying amendments to strengthen the bill. In particular, we recommend that the Committee adopt the following:

1. Change the effective date of the legislation from January 1, 2027, to June 1, 2026.
We understand that the bill sponsor originally requested an effective date of June 1, 2026. Since the bill is clarifying in nature, we respectfully request that the date be changed to the originally intended June 1, 2026.
2. Allow a special pediatric hospital to request a “reconsideration” of an MDH decision to deny a prior authorization determination request, rather than the “retrospective review” included in the bill.

For these reasons, the University of Maryland Medical System supports HB 1376, and respectfully requests a ***favorable*** report on the bill.

For more information, please contact:
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