

House Bill 0737 - Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate

Position: Favorable

Health Committee

University of Maryland Faculty Physicians, Inc. (“FPI”) and the University of Maryland School of Medicine (“UMSOM”) submit this letter in support of House Bill 0737 - Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate (“HB0737”). FPI provides oversight, management, and administrative support services to its affiliated physician practice groups, including the faculty practices of UMSOM. As introduced, HB0737 and its cross-filed bill (SB0416) would alter the reimbursement rate at which health maintenance organizations are required to pay certain nonparticipating health care providers for services.

The purpose of this legislation is to create a fair and predictable reimbursement floor for out-of-network (“OON”) providers serving patients enrolled in HMO plans – an approach that aligns these plans with the reimbursement standards already in place for PPO plans. Establishing this standard helps ensure consistency, transparency, and stability across Maryland’s health care providers and insurance market.

University of Maryland Emergency Medicine Associates, P.A. (“UMEMA”) is the employer of emergency medicine physicians who provide care at the emergency department of University of Maryland Medical Center (“UMMC”), in addition to other hospitals. We provide safety net care for our community, and care for all patients regardless of their ability to pay or what type of health insurance they may have.

UMEMA remains committed to delivering exceptional, high-acuity emergency care while training the next generation of clinicians, including residents, physician assistants, and nurses. These professionals rely on strong clinical environments to develop their skills. Unfortunately, we are increasingly seeing our highly trained residents leave Maryland to practice elsewhere, driven in part by long emergency department wait times and reimbursement levels that place Maryland at a competitive disadvantage.

Since the federal No Surprises Act (“NSA”) took effect in 2022, Maryland providers have experienced significant declines in OON reimbursement. Although the NSA appropriately shields patients from unexpected medical bills, the lack of adequate safeguards has led to substantial underpayment by payors. Maryland’s PPO statute helps prevent payors from leveraging the NSA to drive down rates, but no comparable protections exist for HMO plans. As a result, HMOs are effectively setting their own reimbursement levels, which continue to decrease without justification. This downward trend undermines the recruitment and retention of physicians and further exacerbates already critical emergency department wait times.

HB0737 addresses these challenges by instituting a stable, historically grounded reimbursement benchmark, based on rates that existed prior to the implementation of the NSA. These former payment levels better reflected the cost of care. The bill aligns with Maryland’s existing PPO reimbursement statute, which has proven effective in promoting strong provider networks and supporting patient access to timely care. As

more Marylanders choose HMO products to manage rising health care costs, ensuring adequate reimbursement becomes essential to maintaining provider availability, safeguarding emergency care capacity, and preventing further strain on an already overburdened system.

We remain committed to collaborating with the Committee and all stakeholders to advance policies that protect patient access, support essential providers, and ensure Maryland can attract and retain the high-quality clinicians our communities depend on. For these reasons, we respectfully request a favorable report on HB0737.

We have appreciated the opportunity to provide this feedback.

For more information, please contact:

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