

Date of Hearing: March 19, 2026

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TESTIMONY ON HB1126 - POSITION: FAVORABLE

Health Insurance and Managed Care Organizations - Laboratory Services - Contract Providers

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

FROM: Prabu Selvam

As an ER physician, I often encounter patients when outpatient care has failed them— infections incompletely treated, delayed cancer diagnoses, and other failures of our healthcare system. When treating a patient, a healthcare provider depends on three key pillars: the physical encounter, laboratory testing, and the medications required to treat the condition.

Recognizing this, in the early 1990s Maryland established rules under Section 15-806 of the Maryland Insurance Code titled *Choice of Pharmacy for Filling Prescriptions*. This requires insurance carriers to allow patients to use any pharmacy that meets reimbursement and quality standards.

The pharmacy pillar was addressed years ago, but the laboratory testing pillar remains unprotected. Independent laboratories are central to this discussion because insurance carriers often prohibit their use. Independent labs stand in contrast to hospital-based labs that often charge three times more for the same tests, according to the Healthcare Cost Institute. They are usually locally owned small businesses and often provide higher quality and more precise results than large national companies such as Quest and Labcorp. Giving independent labs a fair chance to compete can reduce immediate costs to insurers while generating enormous savings by avoiding delayed diagnoses and unnecessary hospitalizations.

Large national brands often hold a relative monopoly through exclusive insurance contracts and perform much of their specialized testing out of state, sending revenue and jobs outside Maryland.

Many of you have heard of PBMs—Pharmacy Benefit Managers—the middlemen who profit by limiting access to medications and pocketing the savings. A similar middleman exists between insurance carriers and patients: the Laboratory Benefit Manager, or LBM. LBMs often sideline independent labs in the name of cost savings, leading to delayed diagnoses and reduced access to lab services, especially in underserved communities. Insurance companies already have an advocate—we must be that advocate for our patients.

At a time when residents face Medicaid cuts, the loss of ACA subsidies, and immigrant families are afraid to leave their communities to seek care, we must do all we can to eliminate barriers to healthcare access.

In Montgomery County, where I live and where I am running for County Council At-Large, we face stagnant private-sector growth and a talented biomedical workforce displaced from federal jobs. Expanding opportunities for independent labs means greater innovation, entrepreneurship, and good-paying jobs while strengthening a sector where Maryland is already a national leader.

I urge you to issue a favorable report on **HB1126** to support an essential pillar of health for all Marylanders while advancing our state's economic future.

Sincerely,
Prabu Selvam, MD