

## **House Bill 1153 – Maryland Medical Assistance Program and Health Insurance – Claims for Reimbursement – Downcoding**

**POSITION: Favorable**

March 5, 2026

House Health Committee

The University of Maryland Medical System (“UMMS”) strongly supports House Bill 1153 – Maryland Medical Assistance Program and Health Insurance – Claims for Reimbursement – Downcoding. House Bill 1153 (“HB 1153”) would protect provider reimbursement by regulating insurer downcoding practices and enhances transparency around claims decisions throughout Maryland’s health insurance system.

HB 1153 prohibits insurers and managed care organizations from downcoding a submitted claim without prescribed clinical review and notice procedures, ensures that downcoding decisions are appealable, and requires enhanced reporting on insurer actions related to downcoding and adverse decisions. The bill also mandates clear timelines for provider notifications, a clinical review by a qualified physician prior to a final downcoding decision, and quarterly reporting of downcoding activity to the Maryland Insurance Administration.

Healthcare providers, including hospitals, are facing significant and increasing challenges due to payer denials and inappropriate claim alterations. Nationally, care denials **increased by more than 20 percent between 2022 and 2023**. Similarly, the total dollar amount associated with denials in Maryland **increased nearly 75 percent between FY21 and FY24 (\$299 million to \$522 million)**. One factor driving this growth is the increased use of machine learning algorithms and other artificial intelligence tools. By FY24, the widespread automation of claims review led to denial or downcoding of **1 in 8 inpatient claims, 1 in 7 emergency department claims, and 1 in 10 outpatient claims**.

Importantly, more than half of initially denied or downcoded claims are ultimately overturned, but only after lengthy delays and multiple, costly rounds of appeals. Hospitals and health systems expend significant resources appealing denials and downcoding decisions, and these administrative costs divert critical resources away from patient care and contribute to cash flow pressures. A recent survey on payment delays and denials found that the average cost incurred by providers to fight denials and downcoding is \$43.84 per claim or industry wide totaled nearly \$20 billion per year.<sup>1</sup>

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<sup>1</sup> Premier National Survey on Payment Delays and Denials, October-December 31, 2023, available at [Trend Alert: Private Payers Retain Profits by Refusing or Delaying Legitimate Medical Claims](#).

Standardizing reporting and review processes, as HB 1153 requires, will promote equity in reimbursement practices, limit arbitrary insurer decisions, and ultimately reduce delays in patient treatment due to disputes over coverage. The bill's appealability provisions also align with broader efforts to improve patient outcomes by preventing inappropriate denial of medically necessary care.

HB 1153 aligns with, and builds on, HB 995 (2025), which was unanimously passed by the House Health and Government Operations Committee and the General Assembly, and established a workgroup to study and make recommendations on how best to address the rise of adverse decisions in healthcare, and HB 848, which required insurance carriers to submit a report to the Maryland Insurance Administration (MIA) if the number of adverse decisions issued by the carrier has grown by more than 10 percent in the past year, or 25 percent over the past three years. The House Health Committee has repeatedly recognized the significance of increased payer denials on the State's healthcare delivery system and the ability of patients to access care over the past few years, and HB 1153 will assist these efforts by establishing standard procedural safeguards and data reporting for better oversight, informed policy development, and improved patient access to care.

For these reasons, the University of Maryland Medical System supports HB 1153, and respectfully requests a *favorable* report on the bill.

For more information, please contact:

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