

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 1167

(Chair, Health Committee, *et al.*)

Health

Education, Energy, and the Environment and  
Finance

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**Department of Information Technology - Workgroup on the Medicaid  
Management Information System Mainframe System Replacement**

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This bill requires the Department of Information Technology (DoIT) to convene a workgroup on the replacement of the Medicaid Management Information System (MMIS) mainframe system. The workgroup must assist the Maryland Department of Health (MDH) in procuring and transitioning to a replacement MMIS mainframe system with specified functionality by July 1, 2029. By September 1, 2026, and every three months thereafter through September 1, 2029, the workgroup must report to specified committees of the General Assembly on the progress made toward procuring a replacement MMIS mainframe system. The workgroup must also submit a report annually for three years to specified committees of the General Assembly, beginning January 1, 2027, on the activities of the workgroup, including a timeline for meeting the implementation deadline for replacement. **The bill takes effect June 1, 2026, and terminates June 30, 2030.**

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**Fiscal Summary**

**State Effect:** DoIT can convene the workgroup using existing budgeted resources. MDH and other State entities can participate in the workgroup with existing budgeted resources. Any costs associated with replacing the MMIS mainframe system are not affected directly by the bill but may be affected by decisions made by the workgroup. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** A replacement mainframe system for MMIS must (1) promote payment accuracy, system security and performance, and responsiveness and modernization of the system's outdated technological infrastructure and (2) support, at a minimum, the functionalities of the existing system, including provider enrollment; medical, dental, and pharmacy claims processing; beneficiary inquiries; data reporting; and audit functions in accordance with the federal Centers for Medicare and Medicaid Services and other applicable federal requirements.

The workgroup must consist of at least one representative from MDH, the Department of Human Services, the Maryland Health Benefit Exchange, and the Office of the Comptroller, as well as two individuals with experience in health insurance policy. The workgroup may consult with experts as necessary in conducting its duties.

**Current Law:** MMIS is an integrated group of procedures and computer processing operations (subsystems). Under federal regulations, the objectives of MMIS include program control and administrative costs; service to recipients, providers, and inquiries; operations of claims control and computer capabilities; and management reporting for planning and control. States may receive 90% federal financial participation (FFP) for design, development, or installation, and 75% FFP for operation of state mechanized claims processing and information retrieval systems.

Planning to replace the legacy MMIS system (which dates to the 1990s) first began in 2008, but the process never advanced to the development or procurement stage and remained dormant for many years. At the time, the estimated cost to replace the legacy system was \$111 million. MDH advises that it has now established an overall MMIS modernization roadmap, including MMIS replacement. MDH has neither requested nor received State or federal funding for a replacement MMIS. Funding associated with project planning for MMIS replacement has been approved for fiscal 2027.

**Additional Comments:** Under the bill, the workgroup must report *quarterly* (from September 1, 2026, through September 1, 2029) on the progress made toward procuring an MMIS mainframe system replacement. DoIT advises that reporting once every six months should be more than sufficient to advise on the workgroup's progress.

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## Additional Information

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 963 (Senator Hester) - Rules.

**Information Source(s):** Department of Information Technology; Department of General Services; Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2026  
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