

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 1376  
Health

(Delegate Rosenberg, *et al.*)

Finance

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**Maryland Medical Assistance Program, Maryland Children's Health Program,  
and Health Insurance - Transfers to Special Pediatric Hospitals - Requirements**

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This bill requires Medicaid and the Maryland Children’s Health Program (MCHP) to provide a prior authorization determination regarding a transfer to a special pediatric hospital (SPH) on request within two business days. By December 31, 2026, MDH must adopt regulations establishing a retrospective review process for SPHs, as specified. **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** Medicaid expenditures (50% general funds, 50% federal funds) increase by an indeterminate amount beginning in FY 2027, as discussed below. Federal fund revenues increase accordingly.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The regulations must (1) provide for a peer-to-peer reconsideration of a medical necessity determination made by MDH or its agent on request of an SPH; (2) provide for retrospective review of any medical necessity determination issued by MDH or its agent denying either admission to an SPH on or after July 1, 2025, or reimbursement for inpatient services or outpatient services provided by a SPH on or after July 1, 2025; (3) comply with the Administrative Procedure Act; and (4) provide that the retrospective review process be conducted by a licensed physician.

**Current Law:** “Special pediatric hospital” means a facility in the State that provides nonacute medical, rehabilitation, therapy, and palliative services to individuals (1) younger than age 22 or (2) who are at least 2 years old and younger than age 23 and have co-occurring physical and behavioral health conditions.

Chapter 612 of 2025 prohibits certain carriers, as well as Medicaid and MCHP, from requiring prior authorization for a transfer to an SPH. Thus, Medicaid and MCHP eliminated the requirement for prior authorization for such transfers, effective January 1, 2026. Medicaid now conducts a concurrent level of care review encompassing the period from the requested start date through day 14. Providers are required to submit the initial concurrent review to MDH’s utilization control agent within 5 calendar days of the requested start date. Should the concurrent review conclude that the individual did not satisfy the SPH level of care, the SPH will not be reimbursed at the full per diem rate. Furthermore, administrative days will not be applicable when an individual does not qualify for the requisite level of care on the requested start date. Administrative days may be used only if an individual initially qualifies for a level of care but subsequently ceases to meet the criteria during the stay. SPH providers may seek concurrent review during the stay and qualify for an administrative day rate.

Medicaid advises that, under prevailing practice for all acute inpatient stays outside of SPHs, retrospective review is typically finalized post-discharge, and providers are required to determine in advance whether coverage for services or the administrative day rate will be sought. In situations where a day of services is denied upon retrospective review, the administrative day rate is not available.

**State Fiscal Effect:** Under the bill, Medicaid and MCHP must provide a prior authorization determination regarding a transfer to an SPH on request within two business days. MDH must also adopt regulations establishing a retrospective review process for SPHs.

MDH advises that its current policy can be modified to provide a prior authorization determination within two business days if all necessary documentation to facilitate the review is furnished by the SPH. Even so, this requirement, along with establishment of a retrospective review process, will require a contract modification with MDH’s utilization control agent. Any impact on Medicaid expenditures (and associated federal fund revenues) is indeterminate and dependent on the cost of the contract modification and the number and outcome of any retrospective reviews.

## Additional Information

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

**Designated Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2026  
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