

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1450
Health

(Delegate S. Johnson)

Health Insurance - Coordination of Benefits - Carrier Responsibilities and
Retroactive Denials of Reimbursement

This bill specifies that, when a claim is submitted to a carrier that is subject to the coordination of benefits, the carrier is responsible for (1) identifying the primary and secondary payors; (2) identifying the amounts payable by each payor; and (3) coordinating its benefits with the benefits of other payors by determining the order of payments and ensuring that combined payments do not exceed 100% of the total claim. Each carrier must submit an annual report on these activities to the Insurance Commissioner. The bill establishes a shorter period during which a carrier may retroactively deny reimbursement for services subject to coordination of benefits that applies only to coordination with *another carrier*; under the bill, a carrier may only deny reimbursement during the 9-month period after the date on which the carrier paid the health care provider. The permissible period for retroactive denial of reimbursement for services subject to coordination of benefits with Medicare and the Maryland Medicaid Program remains 18 months after the date that the carrier paid the health care provider.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2027 from the \$125 rate and form filing fee; any additional workload on MIA can be handled with existing budgeted resources. The Department of Budget and Management advises that the bill has the potential to increase administrative costs for the State Employee and Retiree Health and Welfare Benefits Program by an indeterminate amount.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: An insurer, nonprofit health service plan, health maintenance organization, dental plan organization, Medicaid managed care organization (MCO), and any other person that provides health benefit plans subject to State regulation (collectively carriers) may only retroactively deny reimbursement for services within 6 months after the date that the carrier paid the provider. However, claims for services subject to coordination of benefits with another carrier, Medicaid, or Medicare may be denied for up to 18 months.

A carrier that retroactively denies reimbursement to a health care provider must provide the health care provider with a written statement specifying the basis for the retroactive denial. If the retroactive denial of reimbursement results from coordination of benefits by a carrier that is not an MCO, the written statement must provide the name and address of the entity acknowledging responsibility for payment of the denied claim.

A carrier that does not comply with these requirements may not retroactively deny reimbursement or attempt in any manner to retroactively collect reimbursement already paid to a health care provider.

A carrier may retroactively deny reimbursement at any time if information submitted was fraudulent or improperly coded, if the claim was duplicative, or, for a claim submitted to an MCO, if the claim was for services provided during a time period for which Medicaid has permanently retracted the capitation payment for the recipient from the MCO. If a carrier retroactively denies reimbursement for services as a result of coordination of benefits, the health care provider must have six months from the date of denial (unless the carrier permits a longer time period) to submit a claim for reimbursement for the service to the carrier, Medicaid, or Medicare program responsible for the payment.

Small Business Effect: Small business health care providers benefit from the shorter timeframe placed on a carrier's ability to retroactively deny claims and may have a reduced administrative burden in dealing with claims subject to coordination of benefits.

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

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jg/ljm

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