

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1563
Health

(The Speaker, *et al.*)

Finance

Emergency Room Services and Post-Acute Care - Coverage and Facility Studies

This bill authorizes the Insurance Commissioner to conduct an examination of a carrier that has issued a pattern of adverse decisions or grievance decisions for a claim or authorization request for services in (or related to services in) an emergency department (ED). The Commissioner must include specified data on post-acute services in the annual summary report on carrier appeals and grievances. By January 1, 2027, the Maryland Health Care Commission (MHCC), in conjunction with the Health Services Cost Review Commission (HSCRC) and representatives from the post-acute care industry, must conduct two studies to (1) quantify bed capacity in hospitals and post-acute care settings and recommend a collection and auditing process for bed reporting and (2) analyze options to facilitate clinically appropriate transitions from acute to post-acute care settings. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: Any additional workload on the Maryland Insurance Administration (MIA) can likely be handled with existing budgeted resources (otherwise, carriers may be billed for costs of additional examinations). MHCC and HSCRC can conduct the required studies using existing budgeted resources. MIA special fund revenues may increase minimally to recoup examination costs.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Insurance Commissioner Examination of Carriers

A carrier must provide all related documents for the examination, including documents or electronic documents in the possession of a private review agent (PRA) acting on behalf of the carrier. The Commissioner may have an adverse decision or grievance decision reviewed by an independent review organization, the cost of which must be paid by the carrier.

Appeals and Grievance Summary Report

In the annual summary report of carrier appeals and grievance reports, the Commissioner must include data on adverse decisions and grievances related to post-acute services, including adverse decisions and grievances relating to admissions to skilled nursing facilities and inpatient rehabilitation facilities.

Study to Quantify Bed Capacity in Post-acute Care Settings

MHCC, in conjunction with HSCRC and representatives from the post-acute care industry, must conduct a study to quantify bed capacity in post-acute care settings and hospitals in the State and make recommendations regarding a collection and auditing process by which hospital and post-acute beds will be reported to MHCC or HSCRC each year. The study must include:

- a count of the number of physical beds within each post-acute care facility;
- the use of a standardized definition for each inpatient and outpatient bed type, as specified;
- a count of the number of physical beds, using the standardized definition, within each hospital, by bed type;
- a count of the number of staffed beds, using the standardized definition, within each post-acute care facility;
- a count of the number of staffed beds, using the standardized definition, within each hospital, by bed type;
- a count of the number of licensed beds within each post-acute care facility;
- a count of the number of licensed beds within each hospital, by bed type;
- a count of the number of other types of beds as determined appropriate; and
- any other information necessary for MHCC and HSCRC to quantify bed capacity.

By January 1, 2027, MHCC, in conjunction with HSCRC, must report to the Governor, the Senate Finance Committee, and the House Health Committee on the findings of the study and its recommendation regarding a collection and auditing process.

Study on Options to Facilitate Clinically Appropriate Transitions from Acute to Post-acute Care Settings

MHCC, in consultation with HSCRC and representatives from the post-acute care industry, must conduct a study analyzing options to facilitate clinically appropriate transitions from acute to post-acute care settings. The study must include (1) an analysis of the factors affecting efficiency of clinically appropriate transitions from acute to post-acute care settings; (2) identification of potential solutions that can address such factors; and (3) any other information necessary for MHCC and HSCRC to analyze options for clinically appropriate transitions from acute to post-acute care settings.

By January 1, 2027, MHCC, in conjunction with HSCRC, must report its findings and recommendations to the Governor, the Senate Finance Committee, and the House Health Committee.

Current Law:

Coverage of Emergency Services in Maryland

Under Maryland law, if a carrier provides or covers any benefits for emergency services in an ED or freestanding medical facility, the carrier:

- may not require prior authorization for the emergency services;
- must provide coverage for the emergency services regardless of whether the health care provider providing the emergency services has a contractual relationship with the carrier to furnish emergency services;
- may not limit what constitutes an emergency medical condition solely on the basis of diagnosis codes; and
- may not impose any other term or condition on the coverage for emergency services, except for the exclusion or coordination of benefits, a waiting period, and applicable cost sharing.

If a health care provider does not have a contractual relationship with the carrier to provide emergency services, the carrier:

- may not impose any administrative requirement or limitation on coverage that would be more restrictive than that imposed on coverage for emergency services furnished by a health care provider with a contractual relationship with the carrier;
- may not impose any cost-sharing amount greater than the amount imposed for emergency services furnished by a health care provider with a contractual relationship with the carrier;
- must calculate and apply the cost-sharing amounts in accordance with specified federal requirements; and
- with specified exception, must reimburse the health care provider in accordance with specified federal requirements.

Appeals and Grievances Report

On a quarterly basis, each carrier must submit a report to the Commissioner that describes specified activities about appeals and grievances. The Commissioner must compile an annual summary report based on the information provided by carriers (and information provided by the Secretary of Health regarding health maintenance organizations) and provide copies of the summary report to the Governor and the General Assembly. The Commissioner may use information provided in a quarterly appeals and grievances report as the basis for an examination of a carrier.

Examination by Commissioner

As specified under Title 2, Subtitle 2 of the Insurance Article, the Commissioner must conduct specified examinations of an insurer, a health maintenance organization, a pharmacy benefits manager, and a PRA. The expense of these examinations must be paid by the person examined to cover the travel expenses, a living expense allowance, and a per diem as compensation for examiners, actuaries, and typists to the extent incurred for the examination and at reasonable rates set by the Commissioner.

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:
jg/ljm

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