

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 917
Health

(Delegate Hill, *et al.*)

Health Insurance - Retroactive Denial of Reimbursement

This bill alters the circumstances and timeframe under which a carrier (including a Medicaid managed care organization (MCO)) may retroactively deny reimbursement for claims. Each carrier that retroactively denies reimbursement must develop a plan for training health care providers on reimbursement protocols, billing standards, and compliance requirements related to the retroactive denial of reimbursement. The bill cannot be construed to prohibit a health care provider or insured from appealing a retroactive denial of reimbursement. **The bill takes effect January 1, 2027, and applies to all policies, contracts, and health benefit plans issued on or after that date.**

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration in FY 2027 only from the \$125 rate and form filing fee; any additional workload can be handled with existing budgeted resources. Medicaid expenditures increase by an indeterminate amount beginning in FY 2027; federal fund revenues increase accordingly. Expenditures for the State Employee and Retiree Health and Welfare Benefits Program increase by a significant amount beginning in FY 2027.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A carrier may retroactively deny reimbursement to a health care provider *only if* (1) the retroactive denial is for services subject to the coordination of benefits with another carrier, Medicaid, or Medicare and is made within 18 months after the date the

carrier paid the provider and (2) the carrier has previously provided the health care provider with training on reimbursement protocols, billing standards, and compliance requirements related to the retroactive denial of reimbursement and the denial is made during the *three-month* period after the date the services were provided.

A carrier that retroactively denies a claim must provide the health care provider, in addition to the written statement required under current law, any supporting documents and calculations regarding the retroactive denial.

A carrier is prohibited from retroactively denying reimbursement for a service (1) based on the outcome of the service or (2) before having a conversation with the provider in which the provider is given the opportunity to explain the circumstances, rationale, or justification for the service being considered for retroactive denial and without taking into account the totality of the circumstances as viewed prospectively based on the circumstances, rationale, or justification offered by the provider.

Current Law: An insurer, nonprofit health service plan, health maintenance organization, dental plan organization, Medicaid MCO, and any other person that provides health benefit plans subject to State regulation (collectively carriers) may only retroactively deny reimbursement for services within six months after the date that the carrier paid the provider. 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.

State Fiscal Effect:

Medicaid

As the bill's restrictions and requirements on the retroactive denial of claims apply to Medicaid MCOs, the Maryland Department of Health advises that Medicaid expenditures increase by an indeterminate amount beginning in fiscal 2027 (general and federal funds) due to increased administrative expenses for MCOs, specifically due to the new training requirements and denial conditions. Federal fund revenues increase accordingly.

State Employee and Retiree Health and Welfare Benefits Plan

The State Employee and Retiree Health and Welfare Benefits Program is largely self-insured for its medical contracts except for the one fully insured integrated health model medical plan (Kaiser). The Department of Budget and Management advises that limiting the ability of carriers to retroactively deny reimbursement to the three-month window following the provision of services and requiring the development of a plan for training health care providers surrounding retroactively denied reimbursement likely results in significant increased expenditures for the program (general, special, and federal funds) – which could be as much as \$15.0 million in the first year alone.

Small Business Effect: Small business health care providers benefit from fewer retroactively denied claims.

Additional Information

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

Designated Cross File: None.

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

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