

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

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

Senate Bill 776  
 Finance

(Senator Beidle)

Health and Government Operations

**Workgroup to Study the Rise in Adverse Decisions in the State Health Care System - Establishment**

This bill establishes a Workgroup to Study the Rise in Adverse Decisions in the State Health Care System. The Health Services Cost Review Commission (HSCRC) and the Maryland Insurance Administration (MIA) jointly must provide staff to the workgroup. By December 1, 2025, the workgroup must report its findings and recommendations to specified committees of the General Assembly. A member of the workgroup may not receive compensation but is entitled to reimbursement for expenses. **The bill takes effect June 1, 2025, and terminates June 30, 2026.**

**Fiscal Summary**

**State Effect:** No effect in FY 2025. MIA and HSCRC can generally staff the workgroup with existing resources; however, HSCRC special fund expenditures increase by \$50,000 in FY 2026 only for contractual services to support the workgroup, as discussed below. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	50,000	0	0	0	0
Net Effect	(\$50,000)	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The workgroup must (1) review existing State adverse decision reporting requirements for all health payers in the State and include specified information in its final report; (2) make recommendations to improve State reporting on adverse decisions, including specified standardized definitions, methods, and processes; (3) develop strategies for, and make recommendations to reduce, the number of adverse decisions; and (4) develop recommendations for legislation to address the rise in adverse decisions and standardize State reporting requirements regarding adverse decisions across all payers.

The workgroup comprises (1) one member of the Senate of Maryland; (2) one member of the House of Delegates; (3) the Maryland Insurance Commissioner (or designee); (4) the Deputy Secretary of the Maryland Medicaid Program (or designee); (5) the Executive Director of HSCRC (or designee); (6) the Executive Director of the Maryland Health Care Commission (or designee); (7) the Executive Director of the Chesapeake Regional Information System for our Patients (or designee); (8) the Director of the Health Education and Advocacy Unit of the Office of the Attorney General (or designee); and (9) specified members appointed by the Governor, including a representative of the Maryland Hospital Association, the League of Life and Health Insurers, a managed care plan, Maryland hospitals, a pharmacy services provider, a behavioral health provider, a commercial carrier, a patient advocacy organization, a physician, a representative of MedChi, and a representative of a federally qualified health center.

**Current Law:** On a quarterly basis, each carrier must submit a report to the Insurance Commissioner that describes specified activities about appeals and grievances, including:

- the number of members entitled to health care benefits under a policy, plan, or certificate issued or delivered in the State by the carrier;
- the number of clean claims for reimbursement processed by the carrier;
- the outcome of each grievance filed with the carrier;
- the number and outcomes of cases that were considered emergency cases and subject to an expedited procedure;
- the time within which the carrier made a grievance decision on each case, including emergency and nonemergency cases;
- the number of grievances filed with the carrier that resulted from an adverse decision involving length of stay for inpatient hospitalization as related to the medical procedure involved; and
- the number of adverse decisions issued by the carrier for a nonemergency case and the type of service at issue in the adverse decisions.

The report must also describe the number and outcome of all other cases that resulted from an adverse decision involving the length of stay for inpatient hospitalization as related to the medical procedure involved.

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.

**State Expenditures:** While MIA and HSCRC can generally staff the workgroup with existing resources, HSCRC advises that, as the workgroup is charged with gathering, reviewing, and analyzing a broad range of data, the commission must engage the services of a contractor to support data collection, analysis, and reporting. Thus, HSCRC special fund expenditures increase by \$50,000 in fiscal 2026 only for contractual services to support the workgroup.

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### **Additional Information**

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

**Designated Cross File:** HB 995 (Delegate Pena-Melnyk, *et al.*) - Health and Government Operations.

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

**Fiscal Note History:** First Reader - February 13, 2025  
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