



Maryland  
Hospital Association

June 27, 2024

Joy Hatchette  
Interim Insurance Commissioner  
Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, MD 21202

**Re: Health Carriers' Proposed Affordable Care Act Premium Rates for 2025**

Dear Interim Commissioner Hatchette:

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment on the proposed individual and small group market insurer rate filings for plan year 2025.

The price of insurance premiums influences the ability of patients to purchase coverage. Without adequate coverage, patients refrain from accessing timely care, which adversely affects health outcomes.

Now is a critical time to ensure payers manage health care costs for all Marylanders. As we continue and expand the goals of the Total Cost of Care (TCOC) Model through the new States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model, the state must ensure accountability and transparency from all stakeholders to reduce costs for patients, improve health outcomes, and align with the aims of the Model.

We support the Maryland Insurance Administration's (MIA) mission to regulate proposed premium rates so they are not discriminatory or excessive. We offer these points for consideration:

- 1) The proposed premium average rate increase is substantially greater than the state-approved hospital rate increases for the year.
- 2) The process for rate requests needs to be based on an equation that is transparent to the public and can be easily understood by key stakeholders.
- 3) Before rate increases can be considered at the current requested level, denials and prior authorization processes must be further examined.
- 4) High-deductible plans must be considered in conjunction with premium rate increases to determine how these increases affect overall costs to Maryland households.

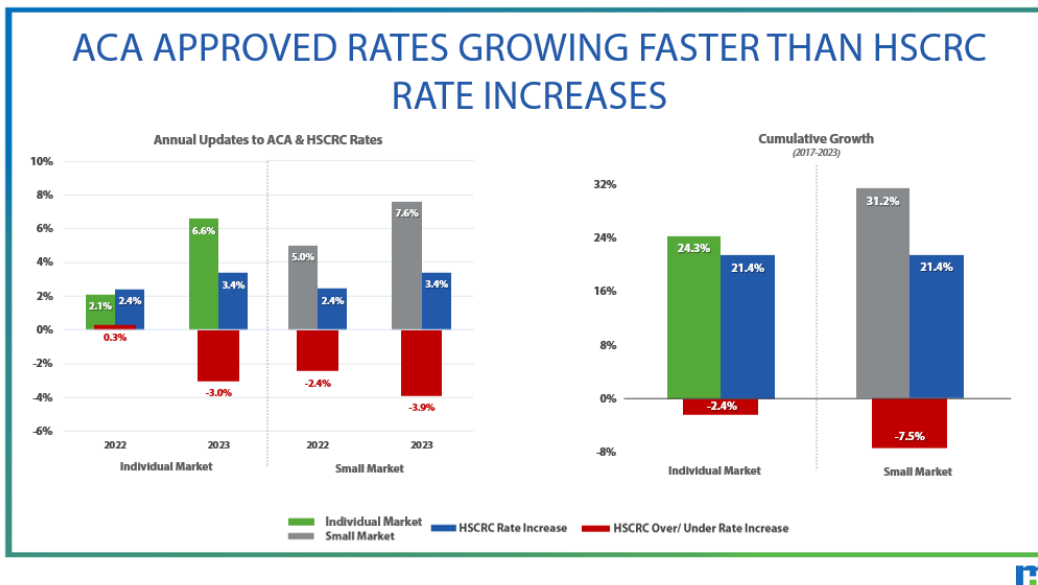
***Proposed premiums are significantly higher than hospitals’ annual payment update***

As hospital services are a significant component in health insurance benefits, we urge MIA to require insurers whose rate requests exceed the hospital annual payment update to explain the discrepancy. Under the TCOC Model, hospitals are working to control costs while delivering quality care to all patients. These significant cost savings should be passed along directly to Marylanders.

For 2025, carriers in the individual market are requesting an overall average rate increase of 6.7%, ranging from 4.7% to 14.2%. In the small group market, carriers are requesting an overall average rate increase of 6.1%, ranging from 4.9% to 23%.<sup>1</sup>

From 2013 to 2022, Maryland health insurance premiums on average ranged from 1.1% (family) to 2.35% (single) higher than the nation and over 5% higher (single) than the nation in 2022. All this while, more than 43% of Marylanders have high-deductible health plans.<sup>2</sup>

At the same time, hospital rates only increased during this period at levels ranging from 1.62% to 3.35% annually, and hospitals recently received a payment update of 4.53% for rate year 2025.<sup>3</sup> This means costs for hospital services for the next year will only grow by this defined amount.



<sup>1</sup> Maryland Insurance Administration, “Health Carriers Propose Affordable Care Act (ACA) Premium Rates for 2025,” Jun. 4, 2024, <https://insurance.maryland.gov/Documents/newscenter/newsreleases/ACA-Premium-Rates-Proposed-2025-642024.pdf>.

<sup>2</sup> State Health Access Assistance Center analysis of the Medical Expenditure Panel Survey - Insurance Component. State-Level trends in employer-sponsored health insurance, 2013-2022.

<sup>3</sup> Maryland Health Services Cost Review Commission, “Final Recommendation for the Update Factors for Rate Year 2025,” Jun. 14, 2024, [https://hscrc.maryland.gov/Documents/DanielaT%20Uploads/2%20-%20Annual%20Update%20to%20Unit%20Rates%20\(Annual%20Update%20Documents\)%20-%20AUUR/Ry2025/Ry25%20Final%20UF%20Recommendation%20with%20Comment%20Letters.pdf](https://hscrc.maryland.gov/Documents/DanielaT%20Uploads/2%20-%20Annual%20Update%20to%20Unit%20Rates%20(Annual%20Update%20Documents)%20-%20AUUR/Ry2025/Ry25%20Final%20UF%20Recommendation%20with%20Comment%20Letters.pdf).

We urge the Commissioner to review the filings to ensure savings achieved by hospitals are accurately reflected in the health insurance premiums.

***Carrier rate requests should be more transparent and accessible***

Rate request evaluation factors and equations should be clearly defined, like the hospital rate request process under the Health Services Cost Review Commission (HSCRC). Currently, carriers' rate request documents are subjective and technical, making them inaccessible to the public and difficult for the state, lawmakers, and others to fully comprehend. Filings should clearly explain carriers' assumptions, models, and reasonings to assist all consumers in understanding the purpose of carriers' intended rate increases. While some information may be proprietary and need to be protected, disclosure from carriers would ensure requests are justified.

***Denials and prior authorization processes must be further examined***

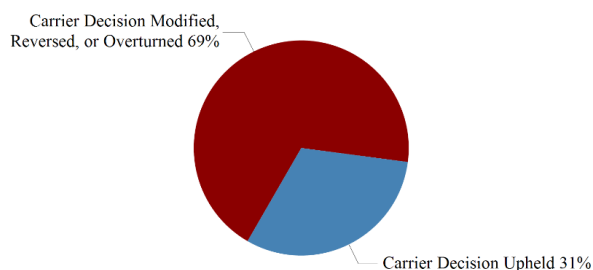
Prior authorization and denial practices are both areas that need greater transparency and thoughtful policy. Consumers are regularly plagued by long prior authorization processes and denials that are then overturned by third-party reviewers.

In addition, both denials and prior authorizations increase the overall costs of healthcare within the state. Prior authorization requests and denial appeals have documentation requirements that divert attention from clinical care. Delays from receiving necessary care may also exacerbate existing conditions and necessitate additional interventions. All organizations—providers, hospitals, health systems—face additional administrative and staff burdens because of these roadblocks.

Based on the annual report on the Health Insurance Carrier Appeals and Grievance Process completed by the Office of the Attorney General, in fiscal year (FY) 2023, of grievances the MIA investigated against payers, a staggering **69% were modified, reversed, or overturned**. And, in 2023, of grievances that were filed with the MIA, 60% were overturned.

**MIA Appeals and Grievances Cases  
Disposition Following Investigation**

The chart below reflects the overall outcomes of the 304 grievances the MIA investigated during FY 2023.



Since hospitals incorporated global budgets under the Maryland Model, **denials from payers have outpaced growth in health care spending**. HSCRC began collecting denials data in FY 2019, and denied cases as a percentage of the total revenue have increased by 2.4% for emergency departments and 2.3% for outpatient.

Each denial causes a delay of care for patients and often contributes to emergency department overcrowding. When approvals must go through appeals, patients are often left in limbo in the hospital awaiting the next stage of care. This is difficult for Maryland families and is especially concerning considering the modification, reversal, and overturn rate seen in our state. There are many instances where carriers require prior authorization causing unnecessary and arbitrary disruptions to patient treatment. This is also a concern of the Maryland General Assembly. Efforts to reform the prior authorization process across the state including reporting of reversed decisions involving prior authorization, third-party review of violations, and more should be discussed among all stakeholders including payers, MIA, consumers, and the General Assembly.

***Broader understanding is required of how high-deductible plans combined with carrier rate increases affect Maryland households' overall costs.***

Too many Marylanders face high out-of-pocket costs and high deductibles. This undermines statewide preventive care and education efforts. While lower monthly premiums may be attractive, the higher out-of-pocket obligations may negatively affect health outcomes. Research shows families with high-deductible health plans are more likely to report delayed or foregone care. The issue is particularly acute for families with lower incomes.<sup>4</sup>

Thank you for the opportunity to comment. We look forward to continuing our work with MIA to make health care accessible and affordable for all Marylanders.

Sincerely,



Melony G. Griffith  
President & CEO

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<sup>4</sup>[https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3514993/pdf/11606\\_2011\\_Article\\_1970.pdf](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3514993/pdf/11606_2011_Article_1970.pdf)