



Maryland
Hospital Association

August 8, 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 provide additional comments on the proposed individual and small group market insurer rate filings for plan year 2025.

In [comments shared in June](#), we urged consideration of four critical areas, outlined below, as you review proposed premium rates for 2025.

1. Proposed premiums are significantly higher than the approved hospital rate increase for 2025. These requests do not indicate savings achieved by hospitals are being passed on to Marylanders. In addition, the substantial carrier rate increases may pose affordability challenges and create barriers to care.
2. Carrier rate requests must be more transparent and accessible to the public.
3. High out-of-pocket costs create substantial financial hardship when Marylanders face medical conditions. Broader understanding is needed regarding how high deductible plans, when combined with carrier rate increases, affect overall costs for consumers.
4. Prior authorization and claims denials are commonplace, increasing overall health care costs across the state, and creating unnecessary concerns for patients and their health care providers.

Improper denials can harm patients and hamper the ability of health care providers to deliver timely care. Here is additional information clarifying the myriad concerns with denial practices across our state.

Payer Utilization Review Practices

As we shared previously, carrier prior authorization and claim denial practices are both areas that need greater transparency and thoughtful policy. Payer denials present challenges for both patients and health care providers, not just here in Maryland, but across the nation. In a recent survey by the Commonwealth Fund, seventeen percent of survey respondents said their insurer denied coverage for physician recommended care.¹ Of the respondents who experienced a coverage denial, nearly three of five faced delays in obtaining care.² These denials and delays are especially concerning as nearly half of adults who experienced such delays reported that their health problems worsened.³

As noted in our June comments, the Office of the Attorney General found that in fiscal year (FY) 2023, 69% of the grievances the Maryland Insurance Administration (MIA) investigated against payers were modified, reversed or overturned.⁴ This high reversal rate underscores errors being repeatedly made by payers.

Payers have Denied Billions in Health Care Services

A review of data from the Health Services Cost Review Commission (HSCRC) shows that payer denials of hospital services as a percentage of gross patient revenue have been increasing since 2013, when hospital global budgets were established under the Maryland model. If payer denials had remained steady at 1.2% of the gross patient revenue – the denial rate in 2013 – Maryland hospitals would have received an additional \$1.1 billion in net patient revenue over the same period across all payers.

Carriers regulated by the MIA are contributing to these problem denials. Before substantive rate increase requests are approved, carriers should explain how denials negatively impact health care access and affordability for consumers, and how these denials enhance carrier margins. Marylanders have a right to health coverage that enables them to access medically required health care services.

¹ Gupta, Avni, Sara R. Collins, Shreya Roy, and Relebohile Masitha. “Unforeseen Health Care Bills and Coverage Denials by Health Insurers in the U.S.” The Commonwealth Fund, Aug. 1, 2024.

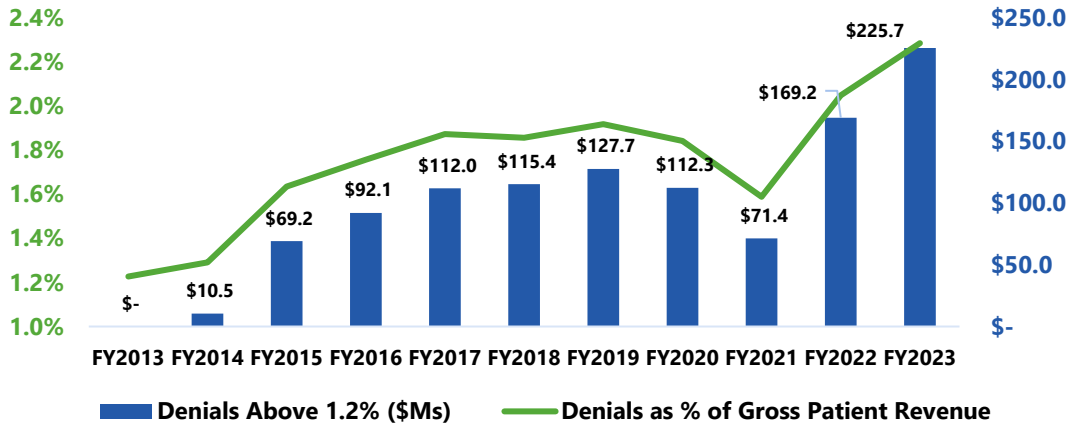
<https://www.commonwealthfund.org/publications/issue-briefs/2024/aug/unforeseen-health-care-bills-coverage-denials-by-insurers>.

² Id.

³ Id.

⁴ Office of the Attorney General, “Annual Report on the Health Insurance Carrier Appeals and Grievances Process.” <https://www.marylandattorneygeneral.gov/CPD%20Documents/HEAU/Annual%20Reports/HEAUannrpt23.pdf>.

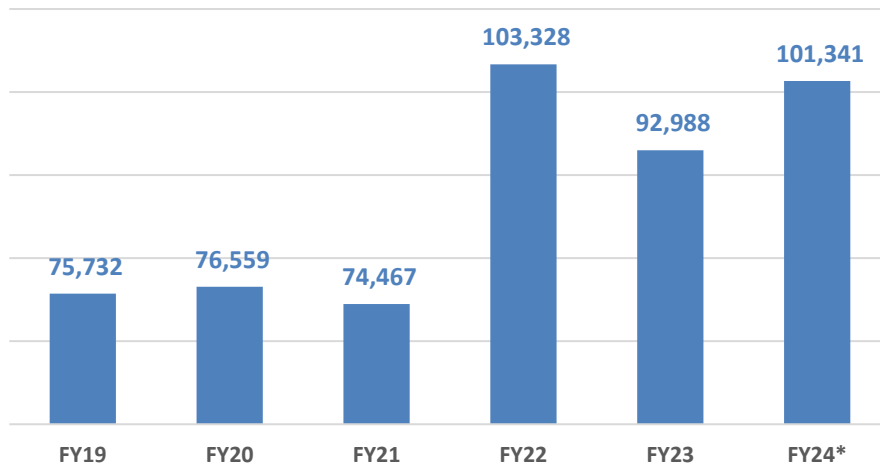
Denials (in Millions) as % of Patient Revenue



Commercial Payer Denials are Increasing

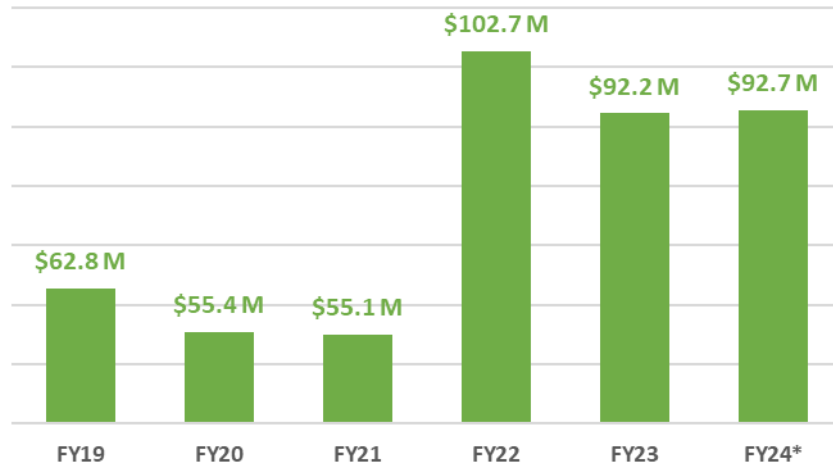
According to HSCRC data, both the number of denials and the dollar amounts denied have steeply increased. In the commercial market, from FY 2019 to FY 2024, the number of cases denied are up 33.8%, or 6% per year (compounded).

Commercial Payer Denials



Similarly, the commercial denial amounts are up 47.8%, or 8.1% per year (compounded).

Commercial Payer Denied Amounts



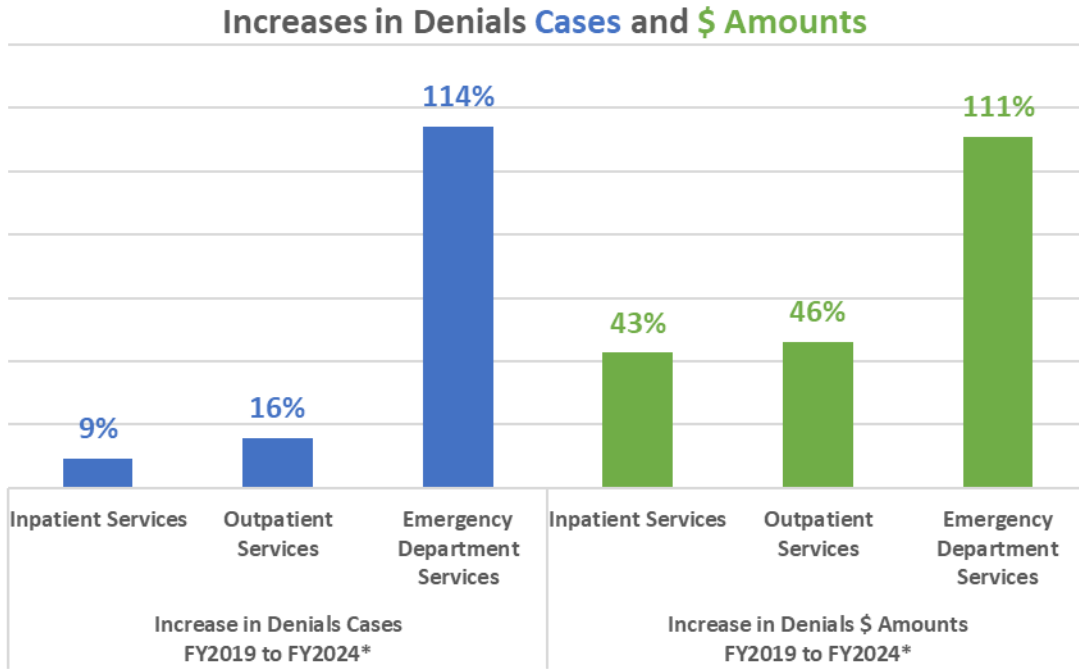
*FY 24 estimated from actual Q1-Q3 data and applying historical Q4 distribution.

Emergency Department (ED) Denials Have Skyrocketed

While commercial denials have increased in all hospital settings, denials in the emergency department have skyrocketed. Over the past five fiscal years, commercial denial cases are up 114.2% in the ED, and commercial denial amounts have increased by 110.7% in the ED. This alarming trajectory will likely worsen as more payers adopt automated algorithms to process ED claims.

In 2019, payers began automatically denying ED charges using internally developed analyzers, without considering hospital ED leveling criteria or support from patient medical records. The use of this technology results in arbitrary and erroneous denials. This practice is incompatible with the HSCRC reimbursement methodology, which requires that unit rates be set and reimbursed in accordance with the needs of patients.

The use of artificial intelligence systems must comply with all applicable laws and regulations. As the use of this utilization review technology is on the rise, there is a need for heightened scrutiny of this technology by MIA to ensure that its use does not result in denials that are inaccurate, arbitrary, capricious, or unfairly discriminatory.



*FY 2024 estimated from actual Q1-Q3 data and applying historical Q4 distribution.

We urge MIA to protect patients against unnecessary denials and subsequent delays in care and the resulting adverse health effects.

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

Sincerely,



Melony G. Griffith
President & CEO