



Maryland  
Hospital Association

**Senate Bill 475- Health Insurance - Utilization Review - Exemption for Participation in Value-Based Care Arrangements**

**Position: *Support with Amendments***

February 12, 2025

Senate Finance Committee

**MHA Position**

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support of Senate Bill 475. SB 475 would prohibit value-based care arrangements, including for Medicare Advantage plans, from imposing step therapy, prior authorization, or quantity limit requirements. This bill will eliminate barriers to care and increase access to critical health services and prescription drugs.

Value-based care arrangements, including for Medicare Advantage plans, frequently require patients to undergo step therapy, where the patient must first try and fail on another drug—often a less expensive variation—before being allowed to step up to the more expensive medication. Additionally, health payers frequently require patients to apply for prior authorization, where a health care provider must obtain permission from a patient's health plan before accessing health services and critical prescription drugs. While these practices theoretically can control cost, improper use of step therapy and prior authorization delays access to necessary drugs and health services and can lead to negative health outcomes.

When more health plans impose barriers to care, patients face delays in receiving necessary treatments or may be forced to pay out-of-pocket for services that should be covered. Additionally, hospitals must divert valuable staff time and clinical resources to navigate step therapy protocols and overly onerous prior authorization requirements. Denied and delayed payments also contribute to additional financial pressures and operational uncertainty, which harms hospitals' ability to provide care.

As the Committee is considering this legislation, we would ask for clarification regarding the attribution methodology for these arrangements to ensure there is clarity on those populations that are excluded from any cost control or authorization requirements. To the extent possible, MHA would like the attribution methodology to be prospective and to apply across a shared population rather than to specific subgroups to facilitate creation of internal utilization management processes where appropriate.

Maryland hospitals and health systems support SB 475's efforts to eliminate barriers to care. We look forward to our continued partnership with the state and the legislature to create sustainable solutions for access to affordable, comprehensive health care coverage.

For these reasons, we request a favorable report on SB 475 with the proposed amendments.

For more information, please contact:

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