House Health Committee
March 5, 2026
House Bill 1153 – *Maryland Medical Assistance Program and Health Insurance – Claims for Reimbursement – Downcoding*
POSITION: SUPPORT

On behalf of MedChi, The Maryland State Medical Society, the Maryland Chapter of the American College of Emergency Physicians, the Maryland Section of The American College of Obstetricians and Gynecologists, and the Maryland Chapter of the American Academy of Pediatrics, we submit this letter of **support** for House Bill 1153.

Bill Summary

House Bill 1153 addresses insurer practices related to downcoding, which occurs when an insurer substitutes a lower-paying code for the code submitted for payment by the treating practitioner, thereby reducing payment. House Bill 1153 prohibits an insurer from: 1) using any algorithmic or automated review to reduce payment of a claim without a review of the clinical documentation, 2) reducing a claim based solely on the final diagnosis, and 3) using practices that target health care providers that treat patients with complex or chronic conditions. For emergency services, the bill prohibits reducing the claim based on the final diagnosis as documented by the health care provider as measured against the prudent layperson standard.

In addition, the bill requires an insurer, within 30 days of receiving a claim, to send a notice to the health care provider that it intends to reduce the claim and requires the insurers to provide the specific reason for the reduction and provide the health care provider with an opportunity to respond. Following Maryland's utilization review law, a final decision to reduce a claim must be made by a physician who is board-certified or board-eligible in the same specialty and is knowledgeable about the health care service or treatment under review through actual clinical experience. The bill further provides appeal processes for health care providers by stating that the reduction of a claim is a coverage decision.

Protecting Physicians and Health Care Practitioners

Administrative actions by insurers are threatening the viability of Maryland's health care markets. Access to care is not only ensuring that patients have access to timely treatments but that patients have access to physicians and other health care practitioners. According to the Maryland Health Care Commission, Maryland has seen a 45.9% reduction in independent physician practices between 2018 and 2023. This is not a surprise, given Maryland's historically low payment rates and the administrative difficulties placed on physicians and other health care practitioners in simply trying to pay staff and maintain offices.

Downcoding practices substantially reduce payment for medically necessary and appropriately documented services, particularly for physicians and other health care practitioners treating complex or

chronically ill patients, or for those receiving emergency department care whose care justifies higher-level coding. When insurers alter codes, they effectively substitute administrative judgment for clinical expertise. House Bill 1153 restores medical decision-making by requiring that any final determination to downcode be made by a physician with relevant training and knowledge of the specialty involved, which aligns with the General Assembly's requirements for prior authorization determinations. This safeguard reinforces the principle that clinical complexity and medical necessity are best evaluated by qualified physicians rather than solely by automated systems or non-clinical reviewers.

By requiring notice and an opportunity to discuss, House Bill 1153 ensures that physicians are not left unaware of payment reductions or forced to discover them only after payment discrepancies occur, which is often the case. This procedural fairness strengthens trust in the claims process and allows legitimate disagreements to be addressed through established appeal mechanisms. Recognizing a final downcoding decision that reduces payment as a coverage determination subject to appeal further protects physicians from unjustified revenue loss.

Insurers may argue that they are only trying to address physicians who may be submitting higher claims. If an insurer believes a claim is inaccurately coded, Maryland law already addresses it, and insurers can request records and conduct a targeted review based on the specific documentation. Broad, prospective, or automated downcoding without specialty-specific medical review and without opportunity for notice shifts the burden and leads to generalized payment suppression. Coding standards are not subjective; they are based on nationally recognized criteria, including the Current Procedural Terminology framework maintained by the American Medical Association, which ties evaluation and management levels to defined elements, such as medical decision-making, complexity, and time. Algorithmic downcoding penalizes physicians who accurately report high-acuity or complex care. Patients with multiple chronic conditions or high-risk management needs legitimately justify higher-level codes, and automated edits may disproportionately affect those treating sicker populations. Fairness also requires transparent notice, explanation, and an opportunity to respond before payment is reduced.

For these reasons, House Bill 1153 represents a balanced approach that protects the integrity of the payment system, ensures that payment determinations are grounded in appropriate medical expertise, enhances transparency, and provides meaningful recourse when disputes arise. In doing so, it strengthens the healthcare delivery system and ultimately benefits patients by supporting a stable and sustainable physician workforce. We urge a favorable vote on House Bill 1153.

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