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House Appropriations Committee  
Health and Social Services Subcommittee  
February 24, 2025  
Medical Care Programs Administration Budget  
**SUPPORT: Proposed FY 2026 Budget**  
**OPPOSE: DLS Operating Budget Recommendation Action #7**

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, respectfully submits this letter in response to the Department of Legislative Services (DLS) budget analysis for the FY 2026 Medical Care Programs Administration (MCPA) of the Maryland Department of Health (MDH). MedChi supports the budget for MCPA as introduced by the Moore Administration. We respectfully oppose the DLS recommendation to reduce funding for Medicaid provider payments.

MedChi strongly objects to the Operating Budget Recommended Action #7 on page 4 of the MCPA analysis document: "Reduce funding for Medicaid provider reimbursements to level fund physician evaluation and management rates at 98% of Medicare rates." Governor Moore's proposed FY 2026 Operating Budget recommended that evaluation and management (E&M) rates be funded at over 100% of Medicare. As stated in the budget analysis, MDH budgeted a rate enhancement of \$12.2 million in total funds (\$4.8 million in general funds) for E&M fees in FY 2026, in coordination with efforts under the AHEAD model to increase funding for primary care services under Medicaid.

MedChi urges the Subcommittee to reject the proposal to reduce E&M rates to 98% of Medicare. Adequately funding E&M rates is essential for ensuring access to primary care in Maryland, particularly for low-income populations in both urban and rural areas of the State. Lower reimbursement rates mean lower participation by providers as physicians may struggle to cover expenses. Without enough participating providers, Medicaid patients may not have sufficient access to physician services. This lack of access for beneficiaries could result in longer waiting times for services, traveling further for care, or struggling to find a provider. Governor Moore's proposed budget recognized these challenges by funding E&M rates at over 100% of Medicare. Adequately funding E&M rates is further justified and necessary because primary care is an important component of Maryland's efforts under the new AHEAD Model and could jeopardize our ability to succeed and achieve the required goals of the Model.

We urge the Subcommittee to support the Moore Administration's proposed budget and reject Recommendation #7 to reduce E&M rates to 98% of Medicare. Thank you for your consideration.

**For more information call:**

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