



**Maryland**

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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## **SENATE BILL 791 Health Insurance - Utilization Review - Revisions**

### **STATEMENT OF INFORMATION**

**DATE: February 21, 2024**

**COMMITTEE: Finance**

**SUMMARY OF BILL:** Senate Bill 791 seeks to alter and establish requirements and prohibitions related to the utilization review process. These changes would be applicable to insurers or nonprofit health service plans, health maintenance organizations and pharmacy benefit managers (PBMs).

**EXPLANATION:** The Secretary of Budget and Management (DBM) has broad authority for administration of the State Employee and Retiree Health and Welfare Benefits Program (the Program) and responsibility for ensuring the Program complies with all federal and State laws governing employee benefit plans, under State Personnel & Pensions Article, Section 2-502, 2-503. DBM's Office of Personnel Services and Benefits, Employee Benefits Division, administers the medical and prescription drug benefits coverage for State employees, retirees, and their dependents.

The changes proposed by Senate Bill 791 will result in significant costs for the State's prescription drug plan. The State currently contracts with a PBM to manage the prescription drug plan for State employees and retirees. The State's PBM employs utilization management and prior authorization to reduce unnecessary costs while ensuring the State's membership receives appropriate coverage. Senate Bill 791 proposes to alter requirements for prior authorizations, adverse determinations, transition of care timelines, and course of treatment, which would impact the State's ability to apply appropriate utilization management in the Program. Changes to prior authorizations are estimated to increase costs by more than \$60 million annually and reduce rebates by \$31 million, for a total annual impact of \$91 million. It would be challenging for the State to take on these additional costs. Premium increases shared between the State and employees/retirees would likely be necessary.

**For additional information, contact Laura Vykol-Gray at  
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