



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 20, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401-1991

RE: Senate Bill 594 – Maryland Medical Assistance Program – Coverage for the Treatment of Obesity – Letter of Information

Dear Chair Beidle and Committee members:

The Maryland Department of Health (MDH) respectfully submits this letter of information for Senate Bill (SB) 594 – *Maryland Medical Assistance Program – Coverage for the Treatment of Obesity*. SB 594 requires Maryland Medicaid to provide comprehensive coverage for the treatment of obesity, including intensive behavioral therapy, bariatric surgery, and anti-obesity medication approved by the US Food and Drug Administration (FDA), and to provide notice to Medicaid participants of the coverage requirements. SB 594 prohibits Medicaid from imposing coverage criteria that are more restrictive than the FDA-approved drug’s indications for treatment. In addition, utilization management determinations must be made in the same manner as determinations made for the treatment of any other illness, condition, or disorder covered by the program.

MDH estimates that the cost of drug coverage will exceed \$1.1 billion total funds (\$671.1 million general funds, \$433.9 million federal funds) annually. Additional staffing and contractual resources will also be required. Over the next five fiscal years, the total fiscal impact of the bill is projected to exceed \$4.6 billion (\$2.8 billion federal funds, \$1.8 billion state general funds).

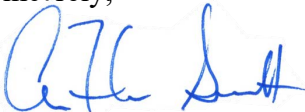
Medicaid estimates that 1 in 3 adults and 1 in 6 children are considered obese.¹ Based on enrollment in December 2023, an estimated 309,000 adults under age 65 and 37,000 children ages 12 through 17 in the Maryland Medicaid program are impacted. The Department estimates that up to 20%, or 69,195, of these participants will be prescribed an anti-obesity drug. There are several different anti-obesity drugs available on the market ranging in price from \$900 to \$16,764 per person per year. Medicaid assumes an average drug cost of \$15,504 per person per year based on market share and expected utilization. Annually, new drug costs will exceed \$1.1 billion total funds. While some obesity related costs may decrease over time if these new drugs are covered, it is difficult to estimate those savings at this time.

¹ <https://www.cdc.gov/obesity/data/prevalence-maps.html>; <https://www.medicaid.gov/medicaid/quality-of-care/quality-improvement-initiatives/reducing-obesity/index.html>

The Maryland Medicaid Program covers bariatric surgery for participants who meet certain clinical criteria. Intensive behavioral therapy is also covered under existing benefits. Additionally, managed care organizations (MCOs) also offer the HealthChoice Diabetes Prevention Program (DPP). DPP is an evidenced-based program to prevent or delay the onset of type 2 diabetes and is covered for all HealthChoice participants. The program teaches lifestyle changes related to healthy eating and physical activity. MDH notes that the bill's restrictions on coverage criteria may have a chilling effect on participants' interest in undertaking other lifestyle changes, such as DPP, prior to starting an anti-obesity medication. This may also create challenges in maintaining a healthy weight for participants who eventually discontinue medication.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.
Secretary