



Wes Moore, Governor · Aruna Miller, Lt. Governor · Ryan Moran, Dr.PH, Acting Secretary

March 4, 2025

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

RE: Senate Bill (SB) 876 – Maryland Medical Assistance Program – Coverage for the Treatment of Obesity – Letter of Information

Dear Chair Beidle and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for Senate Bill (SB) 876 – Maryland Medical Assistance Program – Coverage for the Treatment of Obesity.

Senate Bill 876 requires the Maryland Medicaid Assistance Program (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 876 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.

The Department estimates that the cost of drug coverage will exceed \$447.3 million total funds (\$263.5 million federal funds, \$183.8 State general funds) annually.¹ 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 \$1.9 billion (\$1.1 billion federal funds, \$761.9 million state general funds). While these drugs may improve the health outcomes for participants in the long term, it is not expected that savings will be realized in the near term, nor is it clear whether any savings will be sufficient to offset the significant fiscal impact associated with these drugs.

Medicaid covers bariatric surgery for participants who meet certain clinical criteria. Intensive behavioral therapy is also covered under existing benefits. Additionally, managed care organizations (MCOs) offer the HealthChoice Diabetes Prevention Program (DPP). DPP is an

¹ More information on these fiscal estimates can be found in the Department's report submitted in December 2024 pursuant to the requirements of House Bill (HB) 986/Senate Bill (SB) 594, Maryland Medical Assistance Program - Coverage for the Treatment of Obesity - Required Study (Chapters 777 and 778 of the Acts of 2024). See Table 1, Model One, Upper Bound, <https://health.maryland.gov/mmcp/Documents/JCRs/2024/obesitytreatmentJCRfinal12-24.pdf>.

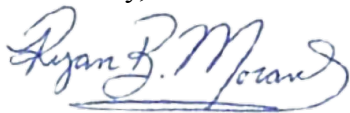
evidenced-based program to prevent or delay the onset of type 2 diabetes and is covered for all HealthChoice participants. The program teaches lifestyle changes related to healthy eating and physical activity. The Department notes that the bill's restrictions on coverage criteria may have a chilling 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.

Medicaid also covers Byetta, Ozempic, Trulicity, Victoza, Bydureon, Mounjaro, Rybelsus, and Wegovy for FDA-approved indications other than obesity. Byetta, Ozempic, Trulicity, Victoza, Bydureon, Mounjaro, and Rybelsus are all covered when used to treat type 2 diabetes. In March 2024, the FDA approved a new indication for the use of the anti-obesity medication Wegovy to "reduce the risk of cardiovascular death, heart attack, and stroke in adults with cardiovascular disease and either obesity or overweight." Subsequently, in alignment with Medicare and at the direction of CMS, Medicaid began to cover Wegovy for participants who are overweight or obese and have cardiovascular disease. MCO coverage was effective September 2024 and aligns with clinical criteria implemented by the Department.

In November 2024, the Biden Administration announced a new interpretation of the statute prohibiting Medicare coverage of drugs used for weight loss purposes and issued a proposed rule which includes the reinterpretation. If implemented, these changes would require Medicaid and Medicare Part D to cover anti-obesity medications for individuals with an obesity diagnosis. The new interpretation would require all state Medicaid Programs to cover anti-obesity medications for individuals with an obesity diagnosis as covered outpatient drugs. At this time, it is unclear whether the rule will be finalized under the incoming Trump Administration. If this rule is finalized, fiscal impact to Medicaid will be reduced to approximately \$353.6 million total funds (\$222.1 million federal funds, \$131.5 million State general funds) annually.

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.

Sincerely,

A handwritten signature in blue ink that reads "Ryan B. Moran". The signature is fluid and cursive, with a horizontal line underneath the name.

Ryan B. Moran, Dr.P.H., MHSA
Acting Secretary