

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 986

(Delegate R. Lewis)

Health and Government Operations

Finance

**Maryland Medical Assistance Program - Coverage for the Treatment of Obesity -
 Required Study**

This bill requires the Maryland Department of Health (MDH) to study the impact of requiring Medicaid to provide “comprehensive coverage for the treatment of obesity,” including coverage for intensive behavioral therapy, bariatric surgery, and any medication approved by the U.S. Food and Drug Administration (FDA) with an indication for chronic weight management in patients with obesity. By December 31, 2024, MDH must report its findings to the House Health and Government Operations Committee and the Senate Finance Committee. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: MDH expenditures increase by \$250,000 (50% general funds, 50% federal funds in FY 2025 only for actuarial analysis to support the required study. Federal fund revenues increase accordingly.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
FF Revenue	\$125,000	\$0	\$0	\$0	\$0
GF/FF Exp.	\$250,000	\$0	\$0	\$0	\$0
Net Effect	(\$125,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: In conducting the study, MDH must (1) identify and compare the coverage for the treatment of obesity under Medicaid and other public health programs in other states and (2) examine and estimate any potential savings that may result from requiring comprehensive coverage for the treatment of obesity.

Current Law: Medicaid generally provides health coverage to children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for Medicaid, applicants must pass certain income and asset tests. Effective January 1, 2014, Medicaid coverage was expanded to persons with household incomes up to 138% of federal poverty guidelines, as authorized under the federal Patient Protection and Affordable Care Act.

Maryland Medicaid currently covers bariatric surgery for participants who meet certain [clinical criteria](#). Intensive behavioral therapy is also covered. The HealthChoice [Diabetes Prevention Program](#), an evidenced-based program established by the U.S. Centers for Disease Control and Prevention, is covered for all HealthChoice participants to prevent or delay the onset of type 2 diabetes through lifestyle changes such as diet and exercise.

Under the Medicaid Drug Rebate Program, state Medicaid programs must cover nearly all of a participating manufacturer's FDA-approved drugs for medically accepted indications. However, weight-loss drugs can be excluded from coverage. Thus, only a limited number of state Medicaid programs cover weight-loss drugs.

Maryland Medicaid currently covers IMCIVREE (setmelanotide) injection, which is used to treat hunger and obesity in patients with certain genetic conditions and syndromes. Medicaid also provides coverage for certain GLP-1 agonist medications (Ozempic, Rybelsus, and Mounjaro) to treat type 2 diabetes.

State Medicaid programs may only receive federal matching funds and federal drug rebates for a covered outpatient drug. A covered outpatient drug must:

- meet the definition of a prescribed drug in federal regulations (42 CFR § 440.120);
- be FDA-approved;
- be dispensed upon prescription; and
- be from a manufacturer that has entered into a rebate agreement with the federal Centers for Medicare and Medicaid Services.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced in the last three years.

Designated Cross File: SB 594 (Senator Hershey) - Finance.

Information Source(s): Kaiser Family Foundation; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2024
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