

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1031 (Delegate Miller, *et al.*)
Health and Government Operations

Health Insurance - Required Coverage - Prescription Weight Loss Drugs

This bill requires certain insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) that cover prescription drugs to cover prescription weight loss drugs for individuals who have been diagnosed with obesity and at least one comorbid medical condition that can be treated with prescription weight loss drugs. **The bill takes effect January 1, 2026, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2026 only from the \$125 rate and form filing fee; review of form filings can be handled with existing budgeted resources. State Employee and Retiree Health and Welfare Benefits Program expenditures increase by a significant but indeterminate amount, likely tens of millions of dollars, beginning in FY 2026, as discussed below.

Local Effect: To the extent the bill increases the cost of health insurance, expenditures for local governments that purchase fully insured plans may increase. Revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: Under Maryland law, there are more than 50 mandated health insurance benefits that certain carriers must provide to their enrollees. The federal Patient Protection

and Affordable Care Act requires nongrandfathered health plans to cover 10 essential health benefits (EHBs), which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services.

Under § 31-116 of the Insurance Article, EHBs must be included in the State benchmark plan and, notwithstanding any other benefits mandated by State law, must be the benefits required in (1) all individual health benefit plans and health benefit plans offered to small employers (except for grandfathered health plans) offered outside the Maryland Health Benefit Exchange (MHBE) and (2) all qualified health plans offered in MHBE.

State Fiscal Effect:

State Employee and Retiree Health and Welfare Benefits Program

The State Employee and Retiree Health and Welfare Benefits Program is largely self-insured for its medical contracts and, as such, except for the one fully insured integrated health model medical plan (Kaiser), is not subject to this bill. However, the program generally provides coverage as otherwise required under State law.

As of calendar 2025, prescription drug coverage under the program excludes weight loss drugs. The Department of Budget and Management (DBM) advises that the program would expect a significant incremental increase in claims to cover prescription weight loss drugs for certain individuals diagnosed with obesity and at least one comorbid medical condition, likely tens of millions of dollars annually. DBM notes that plan costs would be heavily impacted by additional factors that are either not addressed in the bill, such as utilization management requirements that could be implemented for coverage, or are not currently available, such as reliable data on changes to prescriber best practices, patient discontinuation rates, supply shortages, and future market competition between manufacturers.

To the extent that anti-obesity medications reduce obesity rates among program enrollees, there may be long-term reductions in program spending on chronic diseases associated with obesity, such as heart disease, type 2 diabetes, and certain types of cancer. This estimate does not reflect such savings as they cannot be reliably projected.

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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