Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader - Revised

Senate Bill 406 (Senator Beidle, *et al.*)
Finance

Maryland Medical Assistance Program and Health Insurance - Coverage for Orthoses (So Every Body Can Move Act)

This bill alters the current mandated benefit for coverage of orthopedic braces to be coverage for orthoses and replacement of orthoses. Beginning January 1, 2026, Medicaid must provide coverage for orthoses, as specified. Each insurer, nonprofit health service plan, and health maintenance organization (collectively known as carriers) and Medicaid managed care organization (MCO) must submit a compliance report by June 30, 2031, which must be aggregated and reported to specified committees of the General Assembly by December 31, 2031. **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: Medicaid expenditures increase by *at least* $1.19 million (65% federal funds, 35% general funds) in FY 2026; federal fund revenues increase accordingly. Future years reflect annualization, enrollment growth, and increased costs for orthoses. Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2026 only from the $125 rate and form filing fee; any additional workload for MIA can be handled with existing budgeted resources. No meaningful impact on the State Employee and Retiree Health and Welfare Benefits Program, as discussed below. **This bill increases the cost of an entitlement program beginning in FY 2026.**

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	-	$0	$0	$0	$0
FF Revenue	$778,700	$1,580,700	$1,628,100	$1,677,000	$1,727,300
GF Expenditure	$414,500	$841,400	$866,700	$892,700	$919,500
FF Expenditure	$778,700	$1,580,700	$1,628,100	$1,677,000	$1,727,300
Net Effect	($414,500)	($841,400)	($866,700)	($892,700)	($919,500)

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

Local Effect: To the extent health insurance costs increase as a result of the bill, health care expenditures for local governments that purchase fully insured health benefit plans may increase. Revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Coverage of Orthoses

Definitions: The term "orthopedic brace" is replaced with "orthosis," which means a custom-designed, -fabricated, -molded, -fitted, or modified device to treat a neuromuscular or musculoskeletal disorder or acquired condition.

Medical Necessity: Covered benefits include orthoses determined by a treating health care provider to be medically necessary for completing activities of daily living, essential job-related activities, or performing physical activities to maximize the whole-body health and lower or upper limb function of the insured or enrollee. A carrier may not establish requirements for medical necessity or appropriateness that are more restrictive than those established under the Medicare Coverage Database.

Coverage Requirements: A carrier must provide – once annually – coverage for orthoses, components of orthoses, repairs to orthoses, and replacements of orthoses or orthosis components.

Limitations: Coverage for orthoses may not be subject to a higher copayment or coinsurance requirement than for other similar medical and surgical benefits under the policy or contract. A carrier may not impose an annual or lifetime dollar maximum on coverage separate from any annual or lifetime maximum that applies in aggregate to all covered benefits.

Replacement of Orthoses or Orthosis Components: Coverage for replacement of orthoses must be provided without regard to continuous use or useful lifetime restrictions if an ordering health care provider determines that the provision of a replacement orthosis (or a component) is necessary (1) because of a change in the physiological condition of the patient or (2) unless necessitated by misuse, because of an irreparable change in the condition of the orthosis or component. A carrier may require an ordering health care provider to confirm that the orthosis or component being replaced meets these requirements if the orthosis or component is less than one year old.

Provider Network: A carrier that uses a provider panel for the provision of benefits for orthoses must comply with existing requirements governing provider panels. Specifically, a carrier must (1) ensure that all enrollees, including adults and children, have access to providers and covered services without unreasonable travel or delay and (2) include standards that ensure access to providers, including essential community providers, that serve predominantly low-income and medically underserved individuals or include alternative standards for addressing the needs of low-income, medically underserved individuals.

Medicaid Coverage of Prostheses

Beginning January 1, 2026, Medicaid must provide coverage for orthoses in accordance with the same requirements applicable to carriers.

Uncodified language expresses the intent of the General Assembly that the bill may not be construed to require Medicaid MCOs to cover additional Healthcare Common Procedure Coding System "L" codes for orthotic procedures and devices than are covered by MCOs as of December 31, 2025.

Compliance Reporting Requirement

By June 30, 2031, each carrier and Medicaid MCO must report to MIA and the Maryland Department of Health (MDH) on its compliance with the bill for calendar 2026 through 2029. The report must be in a form jointly prescribed by MIA and MDH and include the number of claims and the total amount of claims paid in the State for coverage of orthoses. MIA and MDH must aggregate the data by calendar year in a joint report. By December 31, 2031, MIA and MDH must submit a joint report to the Senate Finance Committee and the House Health and Government Operations Committee.

Current Law: The federal Patient Protection and Affordable Care Act requires nongrandfathered health plans to cover 10 essential health benefits (EHBs), which include rehabilitative and habilitative services and devices. Under § 31-116 of the Maryland Insurance Article, EHBs must be included in the State benchmark plan and, not withstanding 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.

Under Maryland law, there are more than 50 mandated health insurance benefits that certain carriers must provide. Each health insurance contract delivered or issued in the State by a nonprofit health service plan must provide benefits for orthopedic braces.

Per Chapters 822 and 823 of 2024, effective January 1, 2025, carriers must provide coverage for prostheses determined by a treating health care provider to be medically necessary for completing activities of daily living, essential job-related activities, or performing physical activities to maximize the whole-body health and lower or upper limb function of the insured or enrollee, as well as specified replacement for prostheses. Coverage may not be subject to a higher copayment or coinsurance requirement than for other similar medical and surgical benefits. A carrier that uses a provider panel for a policy or contract and the provision of benefits for prostheses must (1) ensure that all enrollees have access to providers and covered services without unreasonable travel or delay and (2) include standards that ensure access to providers, including essential community providers, that serve predominantly low-income and medically underserved individuals or include alternative standards for addressing the needs of low-income, medically underserved individuals. Medicaid must provide coverage for prostheses in accordance with the same requirements applicable to carriers.

Chapters 822 and 823 also required the Maryland Health Care Commission and MDH to review utilization of specified codes, evaluate the cost impact of requiring coverage for orthoses, and report to specified committees of the General Assembly by December 1, 2024. The report estimated that expanding coverage of orthoses for whole-body health will cost at least $2.9 million in total funds annually for Medicaid and $3.2 million annually for commercial payers.

State Fiscal Effect:

Medicaid Coverage of Orthoses

Medicaid currently covers orthoses for use in a participant's home, school, or place of employment. Medicaid does not apply copayment or lifetime limit requirements to orthoses. In calendar 2023, Medicaid covered orthoses for 38,420 unique users, providing 58,356 units of service at a total cost of $9.5 million.

Under the bill, Medicaid must expand its existing coverage to include orthoses for the purpose of participating in certain physical activities related to whole-body health, such as swimming and running. Based on further refinement of applicable codes, Medicaid advises it currently covers 132 orthotic "L" codes for which utilization is expected to increase under the bill.

Accordingly, based on historical utilization by both Medicaid fee-for-service (FFS) and MCO enrollees, MDH estimates that, under the bill, 17,000 unique users will utilize more than 50,000 units of orthoses in calendar 2026. Of these units, 10,395 are projected to be for whole-body health. This reflects FFS and MCO enrollees using orthoses at a rate of 30% under the whole-body health expansion. The additional cost associated with increased utilization is $2.39 million in total funds for calendar 2026.

Given the bill's January 1, 2026 effective date, Medicaid expenditures increase by at $1.19 million (65% federal funds, 35% general funds) in fiscal 2026 (reflecting only six months of coverage) and $2.42 million (65% federal funds, 35% general funds) in fiscal 2027 (reflecting a full year of coverage). Future years reflect ongoing 30% utilization, and 3% growth in both Medicaid enrollment and the cost of orthoses.

This bill also requires coverage for replacement of an orthosis or a component of the orthosis under specified circumstances as often as every year. Medicaid advises that, in the absence of good data, MDH was unable to quantify the fiscal impact of replacements. However, requiring replacements or replacement components as often as annually is likely to increase costs beyond the amount reflected in this analysis.

State Employee and Retiree Health and Welfare Benefits Program

The Department of Budget and Management advises that the State Employee and Retiree Health and Welfare Benefits Program provides coverage for orthoses and that the bill would have a negligible impact on the program.

Small Business Effect: Small business health care providers that provide orthoses and related services may receive additional business under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced in the last three years. See SB 614 and HB 865 of 2024.

Designated Cross File: HB 383 (Delegate Martinez, *et al.*) - Health and Government Operations.

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

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