HB 1251

Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1251 (Delegate Woods, *et al.*)
Health

Health Facilities and Health Insurance - Palliative Care - Required Access and Coverage (Edna G. Neal Palliative Care Act)

This bill requires certain facilities, beginning October 1, 2027, to (1) provide patients with access to a dedicated "palliative care" program (as defined in the bill); (2) ensure palliative care is available as a treatment option alongside curative or life-prolonging treatments; and (3) inform patients and their families of the availability of palliative care services at specified times. The Maryland Department of Health (MDH) must adopt regulations establishing minimum standards for the delivery of palliative care. Certain insurers, nonprofit health service plans, and health maintenance organizations (collectively carriers) must provide coverage for palliative care, including specified services. By January 1, 2028, and annually thereafter, MDH must report to the General Assembly on access, utilization, and quality of palliative care services provided in the State. **The bill's insurance provisions take effect January 1, 2027, and apply 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 increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2027 only from the $125 rate and form filing fee; any additional workload on MIA can be handled with existing budgeted resources. MDH general fund expenditures increase by at least $159,500 annually beginning in FY 2027. State Employee and Retiree Health and Welfare Benefits Program (State plan) expenditures increase significantly beginning in FY 2027, likely by *at least* $750,000 that year and $1.5 million annually thereafter.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	-	$0	$0	$0	$0
GF Expenditure	$159,500	$387,100	$332,700	$347,700	$362,900
GF/SF/FF Exp.	$750,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Net Effect	($909,500)	($1,887,100)	($1,832,700)	($1,847,700)	($1,862,900)

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

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

Small Business Effect: Meaningful.

Analysis

Bill Summary: "Facility" means a hospital, nursing home, hospice care facility, or other long-term care facility licensed in the State.

"Palliative care" means specialized medical care for individuals living with serious illness that is focused on providing relief from symptoms, pain, and stress, regardless of diagnosis or stage of disease, with the goal of improving quality of life for both the patient and the patient's family.

Health Insurance Mandate

A carrier must provide coverage for palliative care, including the following services as they relate to palliative care: (1) physician and nursing services; (2) counseling and mental health services; (3) pain management and symptom relief; (4) home-based and community-based care; and (5) social work, care coordination, and family support services.

Coverage may neither be denied because a patient is continuing curative treatment nor limited to end-of-life care.

With specified exception, a carrier may not impose a copayment, coinsurance, or deductible requirement on coverage for palliative care that is greater than the copay, coinsurance, or deductible requirement for other comparable medical services. If an insured or enrollee is covered under a high-deductible health plan (HDHP), a carrier may subject palliative care to the deductible requirement of the HDHP.

Current Law:

Mandated Health Insurance Benefits

Under Maryland law, there are more than 50 mandated health insurance benefits that specified carriers must provide to their enrollees. The federal Patient Protection and Affordable Care Act (ACA) requires nongrandfathered health plans to cover 10 essential health benefits (EHBs).

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.

For additional information on mandated health insurance benefits in Maryland, please see the **Appendix – Mandated Health Insurance Benefits**.

State Fiscal Effect:

Maryland Department of Health

Under the bill, MDH must adopt regulations establishing minimum standards for the delivery of palliative care, including staffing, training, and quality assurance requirements. MDH must also, beginning January 1, 2028, annually report to the General Assembly on access, utilization, and quality of palliative care services provided in the State.

MDH advises that it does not have the expertise needed to promulgate such regulations. Furthermore, to enforce the new palliative care requirements for all facilities in the State (including 1,500 assisted living facilities, 220 nursing homes, 26 general hospice programs, 13 hospice houses, and 61 hospitals) and gather information for the required annual report, additional resources are required.

Thus, Office of Health Care Quality (OHCQ) general fund expenditures increase by $159,472 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring one palliative care physician consultant to establish minimum standards for the delivery of palliative care, including staffing, training, and quality assurance requirements; collaborate with OHCQ staff to adopt regulations, and assist with training OHCQ surveyors on palliative care minimum standards. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Beginning in fiscal 2028, OHCQ general fund expenditures increase even more – by $387,072, which reflects the cost of hiring three health facilities nurse surveyors to enforce palliative care requirements at the more than 1,800 facilities statewide, investigate and respond to complaints, and prepare the annual report. This analysis assumes that these positions start July 1, 2027, in order to be trained by the contractual palliative care physician consultant on minimum standards for the delivery of palliative care before the requirement takes effect October 1, 2027. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, as well as the ongoing salary for the contractual palliative care physician consultant (through September 30, 2027).

	FY 2027	FY 2028
New Contractual Position	1.0	0.0
New Regular Positions	0.0	3.0
Salaries and Fringe Benefits	$150,331	$356,783
Operating Expenses	9,141	30,289
Total MDH GF Expenditures	**$159,472**	**$387,072**

Future year expenditures reflect annual increases and employee turnover as well as annual increases in ongoing operating expenses for the regular positions; the contractual position is only assumed to be needed through the first quarter of fiscal 2028 (it terminates on September 30, 2027, after one year).

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of ACA.

State Employee and Retiree Health and Welfare Benefits Program

The State plan is largely self-insured for its medical contracts and, as such, with the exception of the one fully insured integrated health model medical plan (Kaiser), is not subject to this mandate. However, the State plan generally provides coverage for mandated health insurance benefits.

The Department of Budget and Management advises that, based on actual plan paid information from the past three years, the annual cost per patient of palliative services under the bill would be approximately $9,500. The number of potential utilizers could range from 150 to 750 members annually. As such, the bill is estimated to increase State plan expenditures (general, federal, and special funds) by between $1.5 million and $7.0 million annually (between $750,000 and $3.5 million in fiscal 2027).

Small Business Effect: Small business facilities must comply with the bill's requirements.

Additional Comments: MIA advises that the bill does not apply to the nongrandfathered individual and small employer markets. Should the bill be amended to apply to all markets, the State would be required to defray the cost of the new mandate to the extent it applies to the individual and small group ACA plans.

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 Department of Health; Maryland Insurance Administration; Department of Legislative Services

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Appendix – Mandated Health Insurance Benefits

Overview

Fully insured, large group plans and certain individual plans must cover Maryland's mandated health insurance benefits. These mandates do not apply to most individual or small group plans, public health insurance, or plans issued outside of Maryland. However, individual and small group plans and plans sold through the Maryland Health Benefit Exchange (MHBE) must cover federal essential health benefits (EHBs). Thus, the type of plan an individual is enrolled in generally determines which benefits must be provided.

Most Marylanders Are Insured by Employment-based Coverage

Maryland residents generally obtain health insurance from one of three sources: (1) employment-based coverage; (2) private coverage in the individual market; or (3) public health insurance provided by the State and/or federal government (*i.e.*, Medicaid, the Maryland Children's Health Program (MCHP), Medicare, and military-related coverage). In calendar 2023 (the most recent data available), more than one-half (53.9%) of the State's population had employment-based coverage, more than one-third (34.1%) were covered by public health insurance programs, and 5.7% purchased coverage in the individual market. The remaining 6.5% of Marylanders were uninsured.

State Regulation of Insurance Applies Only to Certain Plans

Employment-based coverage is either fully insured or self-insured. A fully insured plan is a traditional model for health insurance under which an employer pays a fixed premium to an insurer and the insurer assumes all financial risk and responsibility for paying claims. Fully insured plans are most common among small to mid-sized businesses as they offer more predictable costs and less administrative burden. In a self-insured plan, the employer assumes all financial risk and pays claims directly, usually through a third-party administrator. Self-insured plans are more common among larger employers with the resources to assume the financial risk.

The federal Employee Retirement Income Security Act preempts states' ability to require private employers to offer health insurance coverage and exempts self-insured plans from state insurance regulation. As a result, only fully insured plans are regulated by state insurance regulators. Thus, in Maryland, self-insured plans are not regulated by the Maryland Insurance Administration (MIA) and are not subject to Maryland law.

In calendar 2024, 2.58 million Maryland residents younger than age 65 were insured through commercial health benefit plans, of which 890,245 were covered by a fully insured

plan and 1.69 million were covered by a self-insured plan. Thus, only about one-third (34.5%) of those covered through commercial plans were in fully insured plans subject to State regulation. Overall, only 17.4% of the State's nonelderly population was covered by a plan subject to State regulation.

Mandated Benefits Apply Only to Large Group and Grandfathered Plans

Maryland law requires insurers, health maintenance organizations, and nonprofit health service plans to cover more than 50 specific benefits. These "mandated benefits" apply to expense-incurred contracts that provide "hospital, medical, and surgical benefits," which include non-major medical products and federally excepted benefits (benefits outside of primary medical coverage that are not subject to certain federal requirements). These include fully insured, large group plans (≥50 employees), individual grandfathered plans in effect on or before March 23, 2010, when the federal Patient Protection and Affordable Care Act (ACA) was enacted, and limited or specialty plans such as fixed-indemnity plans. Maryland's State Employee and Retiree Health and Welfare Benefits Program is predominately self-insured and thus largely exempt from mandated benefits. However, the program generally provides coverage for these benefits as otherwise required under State law.

Mandated benefits *could* apply to individual and small group policies. However, if the benefits go beyond those in the State benchmark plan (a reference plan that defines the minimum benefits that must be offered in the individual and small group markets in Maryland), the State must cover the cost. Thus, mandated benefits are not typically applied to those policies.

Mandated benefits do not apply to Medicaid/MCHP, Medicare, the Federal Employees Health Benefits Program, or military/Veterans Administration coverage. Mandated benefits also do not apply to health benefit plans issued outside of Maryland – such as when a Maryland resident works for an employer based in another state and the plan is issued in that state. In that instance, the plan is subject to the requirements (and mandated benefits) of the state in which it is issued.

Exhibit 1 summarizes mandated benefits for large group and grandfathered plans. For further specifics on mandated benefits, see Title 15, Subtitle 8 of the Insurance Article.

Exhibit 1
Maryland's Mandated Health Insurance Benefits for Large Group and Grandfathered Plans

- Amino-acid elemental formula
- Anesthesia for dental care
- Biomarker testing
- Blood products
- Breast cancer screening
- Breast prosthesis following a mastectomy
- Child well visits and immunizations
- Chlamydia screening
- Cleft lip/palate treatment/management
- Clinical trials
- Colorectal cancer screening
- Contraceptive drugs or devices
- Diabetic equipment or supplies
- Emergency room services
- Fertility awareness-based methods
- Fertility preservation due to medical treatment that may cause infertility
- Gynecological care
- Habilitative services
- Hair prosthesis following cancer
- Hearing aids
- Home health care
- Human papilloma virus screening
- Infertility benefits (including IVF)
- Inpatient hospital services
- Laboratory services
- Lung cancer screening
- Lymphedema diagnosis, evaluation, and treatment
- Male sterilization
- Mastectomies
- Medical foods
- Mental health and substance use treatment
- Morbid obesity surgical treatment
- Osteoporosis prevention and treatment
- Ostomy equipment and supplies
- Physician services
- Pregnancy and maternity benefits
- Prescription benefits
- Preventive services
- Prosthetic devices
- Prostate cancer screening
- Reconstructive breast surgery
- Referrals to specialists
- Second opinions and coverage of outpatient services
- Smoking cessation
- Surgical removal of testicles
- Temporo-Mandibular Joint Syndrome treatment
- X-rays

IVF: in vitro fertilization

Note: Mandated benefits as of January 2025. Coverage of calcium score testing is required beginning January 1, 2026.

Source: Maryland Insurance Administration; Department of Legislative Services

Application of Mandated Benefits in Practice

Legislation is frequently introduced to add new mandated benefits. For example, Senate Bill 518 of 2025 would have required coverage for preventive screenings for ovarian cancer for individuals aged 45 and older. The bill would have applied only to commercial health insurance, specifically fully insured large group plans and individual grandfathered plans. Coverage would not have applied to self-insured plans, nongrandfathered individual or small group plans, plans issued in another state to a Maryland resident, or any public health insurance program (in the same way that current mandated benefits do not apply to these plans).

Essential Health Benefits Apply to Individual and Small Group Plans

The ACA requires nongrandfathered health plans to cover 10 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; (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.

Maryland law requires that EHBs be included in the State benchmark plan and in all qualified health plans offered through MHBE. **Exhibit 2** summarizes the EHBs required as of September 2025. For further specifics, see MIA's *Essential Health Benefits Chart: Individual and Small Group Plans*.

Exhibit 2
Essential Health Benefits for Individual and Small Group Plans

- Allergy serum
- Ambulance service
- Bariatric surgery
- Blood and blood products
- Breast reconstructive surgery/prosthesis
- Cardiac rehabilitation
- Care in office for illness or injury
- Case management
- Chiropractic services
- Controlled clinical trials
- Diabetic treatment/equipment/supplies
- Durable medical equipment
- Emergency services
- Family planning services
- General anesthesia/associated care for dental care for children
- Habilitative services
- Hair prosthesis following cancer
- Hearing aids
- Home health care
- Hospice
- Infertility services (excludes IVF)
- Inpatient hospital services
- Medical food
- Mental health and substance use benefits
- Nutritional services
- Outpatient hospital services
- Outpatient laboratory/diagnostic services
- Outpatient short-term rehabilitation
- Patient centered medical homes
- Pediatric dental
- Pediatric vision
- Pregnancy and maternity
- Prescription drugs
- Preventive services
- Prostate cancer screening
- Pulmonary rehabilitation
- Skilled nursing facility
- Transplants
- Wellness benefits

IVF: in vitro fertilization

Note: Essential health benefits as of September 2025.

Source: Maryland Insurance Administration; Department of Legislative Services