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February 26, 2025

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

Senate Bill 646 – Health Insurance – Insulin – Prohibition on Step Therapy of First-Fail Protocols

Dear Chair Beidle,

The League of Life and Health Insurers of Maryland, Inc. respectfully opposes *Senate Bill 646 – Health Insurance – Prohibition on Step Therapy of First-Fail Protocols* and urges the committee to give the bill an unfavorable report.

Carriers are confused on why this bill is needed in the first place. We are not aware of any carrier in Maryland that imposes a step therapy requirement on insulin, and there are already cost caps on the drugs to protect consumers. This seems like a legislative initiative in search of a problem. Carriers are also extra sensitive around insulin initiatives in general. These drugs were invented over a century ago for an investment of around one dollar and the list prices have skyrocketed since over the last few decades in an unjustifiable way. Drug manufacturers have used pricing tactics to extract the most amount of dollars from basically everyone in the health care ecosystem including carriers.

League members are also concerned about the language in Senate Bill 646 on page 3, lines 1-5. The bill says that a carrier may not impose a step therapy requirement on an insulin analog or other prescription drug that performs a similar function to insulin, regardless of the activation period, whether the solution is mixed before or after dispensing, or whether the drug is administered by injection or inhalation. We are very worried that this language could be interpreted by some to include GLP-1 medications which would have dramatic implications for health insurance affordability. A similar bill was introduced during the 2024 Maryland General Assembly that had a \$1 Billion fiscal note in the Medicaid program alone. This confusing language should be stricken.

Traditionally, under the ACA, each state must pay for every health plan purchased through the Maryland Health Benefit Exchange, the additional premium associated with any state-mandated benefit beyond the federally mandated essential health benefits. This means, should the Commissioner include the mandate in

the State benchmark plan, the State would be required to defray the cost of the benefits to the extent it applies to the individual and small group market ACA plans.

The League opposes any additional mandated benefits to Maryland's law. While this bill is not a traditional mandate piece of legislation, because there is only one medication approved by the FDA, in essence it creates a coverage mandate for the only drug in its class. Mandated benefits add cost to health insurance policies in our state and limit the ability of insurers to design benefits to best meet the needs of enrollees. Given the potential impact to health insurance costs in the State, Maryland law includes a statutory framework for review and evaluation of proposed mandated benefits by the Maryland Health Care Commission under § 15-1501 of the Insurance Article. The law requires the assessment of a proposed mandate for the social, medical and financial impact of the proposed mandate and equips the General Assembly with such information as the extent to which the service is generally utilized by a significant portion of the population; the extent to which the insurance coverage is already generally available; if coverage is not generally available, the extent to which the lack of coverage results in individuals avoiding necessary health care treatments; if coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship; and the level of public demand for the service. Before adopting this or any other mandated health benefit, we urge the Committee first request an evaluation of the proposed benefit to facilitate an informed decision.

For these reasons, the League urges the committee to give Senate Bill 646 an unfavorable report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Matthew Celentano", with a long horizontal flourish extending to the right.

Matthew Celentano
Executive Director

cc: Members, Senate Finance Committee