



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

January 30, 2025

The Honorable Joseline A. Peña-Melnyk
Chair, Health and Government Operations Committee
241 Taylor House Office Building
Annapolis, MD 21401-1991

RE: House Bill (HB) 383 - Maryland Medical Assistance Program and Health Insurance – Coverage for Orthoses (So Every Body Can Move Act) - Letter of Information

Dear Chair Pena-Melnyk and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for House Bill (HB) 383 – Maryland Medical Assistance Program and Health Insurance – Coverage for Orthoses (So Every Body Can Move Act). The Department estimates that HB 383 will have a fiscal impact of **\$1.48 million TF (\$550,000 GF, \$931,000 FF) in FY26** and **\$3.09 million TF (\$1.1 million GF, \$1.8 million FF) in FY27**. Costs will increase in subsequent fiscal years.

HB 383 requires the Maryland Medical Assistance Program (Medicaid) to cover orthoses when medically necessary to support the performance of physical activities including: running, biking, swimming, strength training, and other activities to maximize the whole-body health and lower or upper limb function of the enrollee. Medicaid would also be required to cover replacements of orthoses without regard to continuous use or useful lifetime restrictions if a healthcare provider determines the provision or replacement of orthoses or its components that are less than three years necessary, unless necessitated by misuse for a variety of reasons.

The bill also requires MCOs to report on their compliance with these new requirements to the Department and for the Department to submit a report to the General Assembly on or before December 30, 2031.

In December 2024, the Department, in collaboration with the Maryland Health Care Commission (MHCC), and in consultation with the Maryland Insurance Administration, submitted a report estimating the cost to expand coverage of orthoses for whole-body health by both Medicaid and commercial payers.¹ The Department's clinicians reviewed the 370 orthotic "L" codes covered through the Disposable Medical Supplies (DMS)/ Durable Medical Equipment (DME) Fee

¹ As required by Senate Bill (SB) 614, *Maryland Medical Assistance Program (Medical Assistance) and Health Insurance - Coverage for Prostheses (So Every Body Can Move Act)* (Chs. 822 and 823 of the 2024 Acts). A copy of the report can be found here, <https://health.maryland.gov/mmcp/Documents/JCRs/2024/orthosescovrageJCRfinal12-24.pdf>.

Schedule. The Department's clinicians identified 258 orthotic "L" codes for which utilization would be expected to increase if Medicaid coverage included orthoses for whole-body health purposes.

In CY22, 37,396 Medicaid participants utilized 192 of these 258 "L" codes for orthoses at a cost of \$9,660,171. In CY23, 38,420 Medicaid participants utilized 184 of the 258 codes resulting in \$9,470,904 in expenditures. MCO participants used the majority of services, approximately 81% of the total service units each year.

To account for the cost associated with expanding the orthoses benefit to include whole-body health coverage, the Department developed a baseline projection for FY26. Based on a multi-state analysis, the Department conservatively assumed the number of units utilized for orthoses for whole-body health would increase by 30%.² Expenditures would be subject to a federal matching rate of 65.79% for MCO enrollees and 50% for FFS participants.

Based on these assumptions, the Department estimates that expansion of orthoses benefits to include whole-body health would cost approximately \$1.48 million Total Funds (\$550,000 General Funds, \$931,000 Federal Funds) in FY26 for six months of services and then would increase to approximately \$3.09 million TF (\$1.1 million GF, \$1.8 million FF) in FY27. The overall fiscal impact of implementing HB 383 will be \$14 million TF (\$5.2 million GF, \$8.8 million FF) over 5 years from FY 2026 through FY 2030. The fiscal analysis is contingent on the assumption that whole-body health orthoses coverage will be covered only once annually.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.
Secretary

² Malouff, S., et al., (2024). A Multi-State Analysis of the Fiscal Impact of Commercial Insurance Coverage for General-Use & Activity-Specific Prosthetic & Orthotic Devices in the United States, (p. 5) *Medical Research Archives, European Society of Medicine*. <https://esmed.org/MRA/mra/article/view/5104/99193547842>, estimating that coverage for whole-body health would drive a 50% increase in utilization. See also, Minnesota Commerce Department, (2024). HF 3339/ SF 3351 – Evaluation of Coverage for Orthotic and Prosthetic Devices Report to the Minnesota Legislature Pursuant to Minn. Stat. § 62J.26 <https://mn.gov/commerce-stat/insurance/industry/policy-data-reports/62J/MN-AIR-Evaluation%20Report-Prosthetics-Orthotics-508.pdf>