



March 11, 2026

COMMITTEE: Senate Budget and Taxation Committee

BILL: SB 987 – Corporate Income Tax – Addition Modification – Direct-to-Consumer
Pharmaceutical Advertising

POSITION: Support

The Horizon Foundation is the largest independent health philanthropy in Maryland. We are committed to a Howard County free from systemic inequities, where all people can live abundant and healthy lives. The Foundation is pleased to **support SB 987 – Corporate Income Tax – Addition Modification – Direct-to-Consumer Pharmaceutical Advertising.**

Currently, pharmaceutical companies can deduct direct-to-consumer advertising expenses, such as costs for radio, television and social media ads for prescription drugs, from its corporate taxable income. This bill would eliminate that provision, therefore counting those expenses towards their overall tax liability, and dedicate the additional tax revenue raised towards the state’s Medicaid program and Maryland Health Benefit Exchange.

H.R. 1, passed by the federal government last summer, included the biggest-ever cut to Medicaid in our nation’s history as well as changes to the program, such as work requirements, that are anticipated to cause about 130,000 Marylanders to lose their health care coverage. State health care officials estimate that these cuts and changes could amount to \$2.7 billion in lost federal dollars each year in Maryland, representing about 20% of the state’s current Medicaid funding.ⁱ Significant additional state resources will also be needed to implement and administer work requirements and other program changes.ⁱⁱ In addition, federal enhanced premium tax credits for the Affordable Care Act have expired, making health insurance unaffordable for thousands and threatening the stability of our state’s insurance marketplace.

Since last spring, the Horizon Foundation has been convening a group of statewide Medicaid advocates and working closely with state health officials to come up with solutions to these challenges and work to ensure Marylanders who rely on these programs remain on the rolls. We know that both the state’s Medicaid program and the Maryland Health Benefit Exchange will need personnel and financial resources to help residents navigate changes to these programs and implement necessary technology upgrades to effectively implement work requirements with as minimal disruption to enrollees as possible. SB 987 represents an

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opportunity to boost state revenue and dedicate desperately needed resources to our health care system at a time when rising health care costs are plaguing consumers.

The Horizon Foundation believes that all Marylanders deserve accessible and affordable health care. For this reason, the Foundation **SUPPORTS SB 987** and urges a **FAVORABLE** report. Thank you for your consideration.

ⁱ <https://marylandmatters.org/2026/01/29/health-official-warns-that-future-medicaid-cuts-could-lead-to-2-7-billion-loss-in-federal-funding/#:~:text=Just%20under%20half%20of%20the,if%20Medicaid%20imposes%20work%20requirements>

ⁱⁱ [https://health.maryland.gov/mmcp/Documents/OBBBA%20One-Page 7.11.25.pdf](https://health.maryland.gov/mmcp/Documents/OBBBA%20One-Page%207.11.25.pdf)