Maryland
DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

February 17, 2026

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

RE: Senate Bill 490 – Maryland Medical Assistance Program – Step Therapy, Fail-First Protocols, and Prior Authorization- Prescription Drugs to Treat Serious Mental Illness – Letter of Opposition

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of opposition for Senate Bill (SB) 490 – Maryland Medical Assistance Program – Step Therapy, Fail-First Protocols, and Prior Authorization – Prescription to Treat Serious Mental Illness. SB 490 prohibits prior authorization requirements for adults (18+), fail-first protocols, or step therapy protocol for a prescription drug used to treat a participant's diagnosis of bipolar disorder, schizophrenia, major depressive disorder, post-traumatic stress disorder, or a medication-induced movement disorder associated with the treatment of a serious mental illness.

SB 490 will result in a significant financial impact to the Department. Overall, the implementation of SB 490 would require $367.6 million in total funds ($183.8 million federal funds, $183.8 million State general funds) if implemented over the next three fiscal years, amounting to $120.1 million or more annually ($60.1 million federal funds, $60.1 million State general funds). This includes a 10% increase in costs from FY 2025 to FY 2026, to account for recent growth in spending on the prescription drugs included in SB 490.

The Department anticipates the prohibition of prior authorization, step therapy, or fail-first protocol would lead to a shift in the utilization of medications within these four classes leading to the significant increase in costs described above. Costs will be driven by a shift from generic to brand name drugs, or from brand name drugs with a higher net cost. The Department also anticipates a decrease in revenue from supplemental rebates as manufacturers will no longer have the incentive to offer supplemental rebates to have their brand-name drugs included on the preferred drug list (PDL). States use PDL placement as leverage to negotiate extra (supplemental) rebates from drug manufacturers. If a manufacturer can have its drug covered without needing to be on the PDL, it no longer needs to negotiate with the state, and therefore has little incentive to offer additional rebates. Removing the prior authorization requirements would also pose operational challenges to Medicaid, as prescriptions do not include diagnosis information, a given drug cannot be authorized for only certain conditions. Therefore,

Medicaid would have to authorize the prescription whenever these classes of drugs are prescribed, leading to an increase in the number of prescriptions being filled, and in the cost to Medicaid.

The Department further notes that the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT) Act[1] (Public Law 115-271) passed in 2018 requires states to implement claims review processes for individuals prescribed opioids and antipsychotics to ensure clinical safety. Prior authorization is an important tool in ensuring the clinical appropriateness of the drug being prescribed.

In addition, the Department has existing policies to facilitate access to these critical medications used to treat the conditions addressed in SB 490 and to ensure continuity of care when urgent circumstances arise. Under the Code of Maryland Regulations (COMAR), the Department permits a 30-day emergency supply of atypical antipsychotic drugs not on the PDL, preventing gaps in treatment while prior authorization is pending.[2] In addition, the Department has a grandfather policy[3] that allows individuals who were prescribed these medications prior to enrolling in Maryland Medicaid to receive continued access during the prior authorization process, ensuring there is no interruption in coverage.

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Government Affairs at meghan.lynch@maryland.gov.

Sincerely,

Meena Seshamani, M.D., Ph.D.
Secretary

[1] https://www.govinfo.gov/content/pkg/PLAW-115publ271/pdf/PLAW-115publ271.pdf
[2] https://dsd.maryland.gov/regulations/Pages/10.09.03.06.aspx
[3] https://health.maryland.gov/mmcp/pap/docs/Antipsychotic%20Review%20Programs/Tier%202%20%20and%20%20NPD%20Clinical%20Criteria.pdf