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Date: January 28, 2026

Bill # / Title: Senate Bill 205 - Health Insurance - Mental Health and Substance Use Disorders - Codification of Federal Requirements

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 205, which is a Departmental bill.

Senate Bill 205 amends §§ 15-144 of the Insurance Article in order to codify certain provisions of the Code of Federal Regulations related to mental health parity and clarify the authority of the MIA to enforce these laws.

The Mental Health Parity and Addiction Equity Act (The Parity Act) is a federal law enacted in 2008 to ensure that those seeking treatment for issues related to mental health and substance use disorders (MH/SUD) receive comparable coverage to other areas of care. Enforcement of the Parity Act and corresponding state parity laws makes it easier for these individuals to access and afford necessary behavioral health care by removing discriminatory and insurance-related barriers.

On September 9, 2024, the U.S. Departments of Health and Human Services, Labor, and the Treasury (collectively, the Departments) released new final rules strengthening and clarifying the existing Parity Act regulations (2024 Final Rule). However, in response to a lawsuit filed in the U.S. District Court by the ERISA Industry Committee, the Departments announced on May 15, 2025 that they will not enforce the 2024 Final Rule or pursue enforcement actions based on a failure to comply with these requirements. Furthermore, the federal government has indicated that it is considering either revising or rescinding the 2024 Final Rule in response to the lawsuit.

The MIA has existing authority under § 15-144 of the Insurance Article to continue to enforce 2024 Final Rule under Maryland law until and unless the rule is formally rescinded. Many of the provisions of the 2024 Final Rule are consistent with how the MIA had been interpreting and enforcing the Parity Act prior to the publication of the Rule, and the MIA would continue to enforce those requirements even if the 2024 Final Rule is rescinded. However, there are certain consumer-friendly requirements under the 2024 Final Rule that are new and had not previously

been required by the MIA. To ensure mental health parity in Maryland, the State can be proactive and codify these new requirements into Maryland law. At the same time, there are certain provisions in the 2024 Final Rule that appear less consumer-protective than existing requirements under Maryland law, and there are concerns that additional rulemaking at the federal level may further erode consumer protections. For this reason, the bill decouples Maryland law from the federal requirements, where necessary, to ensure the continued protection of Maryland consumers.

Senate Bill 205 is designed to codify into state law portions of the Federal Rule that strengthen the enforcement of parity requirements for the treatment of MH/SUD. Provisions from the 2024 Final Rule that are being codified into state law under this bill include:

- Definitions of mental health conditions and substance use disorders that are consistent with the International Classification of Diseases or the Diagnostic and Statistical Manual of Mental Disorders. By requiring carriers to use internationally recognized standards when defining mental health and substance use disorders services, this provision ensures that carriers are not undermining the comparability analysis by arbitrarily categorizing services as either MH/SUD or medical/surgical for the purposes of performing the parity assessment;
- A prohibition on the use of discriminatory factors and evidentiary standards in the design of nonquantitative treatment limitations (NQTLS). This provision is important because the parity assessment primarily examines whether comparable processes were used in the design and application of an NQTL. However, if processes are based on standards that are biased against MH/SUD, then limitations may have a discriminatory impact on MH/SUD, even if the processes are comparable to M/S;
- Requirements for carriers to collect, evaluate, and act on relevant outcomes data for NQTLS. While current Maryland law already authorizes the MIA to develop data templates that carriers are required to submit as part of the parity analysis, the more robust and explicit data requirements in this bill provide the MIA with clearer authority to require carriers to promptly take action to address disparities in data outcomes between MH/SUD and medical/surgical services; and
- A requirement to offer meaningful benefits for MH/SUD on par with benefits for medical/surgical services. Since the Parity Act does not mandate coverage of particular MH/SUD services, this provision clarifies that a plan would violate the comparability requirement if it failed to offer meaningful benefits, including certain core treatments, for MH/SUD in every benefit classification where the plan provides meaningful benefits for medical/surgical conditions.

Senate Bill 205 allows us to preserve the advances toward parity in access to care for MH/SUD patients in Maryland by allowing the State to fill the gap in statutory and regulatory protection that is now opening up at the federal level.

For the reasons set forth above, the MIA urges a favorable committee report on Senate Bill 205 and thanks the Committee for the opportunity to share its support.