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January 28, 2026

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

Senate Bill 205 – Health Insurance – Mental Health and Substance Abuse Disorders – Codification of Federal Requirements

Dear Chair Beidle,

The League of Life and Health Insurers of Maryland, Inc. respectfully opposes *Senate Bill 205 – Health Insurance – Mental Health and Substance Abuse Disorders – Codification of Federal Requirements* and urges the committee to give the bill an unfavorable report.

The League remains deeply committed to the principles of the Mental Health Parity and Addiction Equity Act (MHPAEA) and ensuring equitable access to care. However, we believe SB 205 is premature and creates significant operational and legal risks for Maryland’s health care landscape for the following reasons:

- 1. Maryland law already incorporates MHPAEA and its implementing regulations.** State action is not needed to give the MIA authority to enforce the law or the federal 2024 MHPAEA rule.
- 2. By freezing specific federal regulations into Maryland law, this bill risks locking the state into a regulatory framework that is currently in a state of flux at the federal level.** The federal rule—particularly regarding data collection and testing—is actively evolving. The Tri-Agencies (Labor, HHS, and Treasury) have committed to further rulemaking and guidance to provide clarity on key provisions. Freezing these rules into state law now would create substantial confusion if federal requirements change, leaving Maryland health plans to navigate conflicting state and federal obligations.

Several portions of the 2024 federal rule are currently on hold or under reconsideration due to stakeholder feedback from groups like AHIP as well as ongoing court challenges. A premature rollout in Maryland would effectively enforce federal provisions that may soon be invalidated or significantly reshaped.

3. SB 205 increases the difficulty of interpreting and applying definitions. Many terms in the 2024 rule remain in regulatory limbo. Because federal regulators are no longer issuing clarifications during current legal challenges, Maryland would bear the sole responsibility for interpreting complex and undefined provisions, such as:

- **Material Differences:** The bill requires plans to address “material differences” in access, yet the term is not defined in by the federal rule or SB 205.
- **Core Treatments:** Plans would be required to provide “core treatments” for every covered MH/SUD condition if offered for medical/surgical care, an assessment that plans do not currently conduct by condition and benefit classification.

Additionally, the bill creates new definitions of “mental health benefits” and “substance use disorder benefits” that we don’t read as conforming to the 2024 rule; there’s no reference to assigning services as mental health or medical/surgical based on the underlying condition being treated.

These inconsistencies create regulatory uncertainty that makes it more difficult for League members to comply with federal and state laws.

4. SB 205 creates an undefined benefit mandate. The requirement that a health plan provide “meaningful benefits” for each covered mental health condition and substance use disorder in every Parity Act classification in which medical/surgical benefits are provided was controversial in the federal rule because it went beyond the scope of MHPAEA, which explicitly stated that the law was not intended to be a benefit mandate. To the extent the legislature wants to enact a benefit mandate, it should first go through the standard benefit mandate review process through the Maryland Health Care Commission.

Imposing a benefit mandate that could open the door to unsafe, unproven MH/SUD treatments. By establishing an undefined “meaningful benefit” standard, SB205 may require coverage of every possible treatment for a MH/SUD condition (e.g., some wilderness therapy programs), however unproven or unsafe.

5. There are substantial cost implications of the 2024 federal rule, and bills like SB 205 that iterate on the federal rule will only increase that cost. Implementation of the 2024 rule requires a massive reconfiguration of our data platforms. Building on this, SB 205 would require plans to track and classify benefits based on the underlying condition rather than the treatment setting, impacting both QTL and NQTL testing. It would also require a health plan to reconfigure authorization data platforms to align with new definitions. Should federal agencies rescind or replace the 2024 rule, the immense time and resources spent on these state-level implementations would be entirely wasted.

Federal costs to implement new parity requirements are extensive. The federal regulators' estimate of the administrative and financial burden from implementing the 2024 Final Rule dramatically understates the additional labor and expenditures required to meet the new documentation requirements, making compliance even more complex. The Association for

Behavioral Health and Wellness (ABHW) estimated in October 2023 that the provisions in the MHPAEA Final Rule would cost \$984.8 million in the first year and \$197 million annually thereafter with a 3-year average cost of \$459.6 million per year. The Blue Cross Blue Shield Association (BCBSA) estimated that the projected range for implementing the 2024 Final Rule would be \$957.4 million to \$2 billion in total costs per year.

- 6. MHPAEA is a Federal approach, and because it originated in Congress it applies to all aspects of insurance markets, including ERISA plans.** If SB 205 moves forward as a state approach, due to preemption, it would only apply to the traditional market (roughly 17% of the covered lives) while not applying to any self-insured plans. This distinction would only exacerbate the challenges of fragmentation and super-charge confusion between the patch work of state and Federal laws.

For these reasons, The League urges an unfavorable report on Senate Bill 205. We believe it is more prudent to wait for federal stability to ensure that Maryland's parity enforcement remains consistent, enforceable, and aligned with national standards. With that being said, we are always willing to discuss with the Maryland Insurance Administration to attempt to find a way forward that addresses League concerns.

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