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Acting Secretary

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Deputy Secretary

TITLE: HB 367 Health Insurance - Physical Therapy - Copayments, Coinsurance and Deductibles

DATE: February 5, 2026

COMMITTEE: Health

POSITION: Letter of Concern

SUMMARY OF BILL: House Bill 367 prohibits insurers, nonprofit health service plans, and health maintenance organizations, for each date covered physical therapy (PT) services are provided, from imposing a copayment, coinsurance, or deductible that is greater than that imposed for an annual physical or wellness visit under the same plan or contract. Further, HB 367 requires entities subject to this requirement to clearly state the coverage requirements, limitations, conditions, and exclusions for physical therapy services.

EXPLANATION: Although PT services are the only ones specifically mentioned in the bill, Maryland currently has a coordinated benefit for PT, Occupational Therapy (OT), and Speech Therapy (ST). Per the benefits guide, PT/OT services must be pre-certified after the 20th visit, based on medical necessity, with a combined maximum of 50 days/visits per plan year for PT/OT/Speech Therapy. For this reason, we have summarized the information by PT only and for PT, OT, and ST below.

Based on the tables below, the total number of annual PT visits over the past two years (through November 2025) was approximately 333,000, with a total member cost share of about \$3.8 million per year. This bill would shift the entire member-paid amount from the member to the State, increasing costs by approximately \$3.8 million per year. For the purposes of our analysis, PT services are defined as any services provided to a patient within the scope of practice of a physical therapist who is licensed by the State Board of Physical Therapy.

PT Only

Period	Member Type	Encounters	Member Paid
2024	Active/COBRA	139,539	\$3,014,736
2024	Medicare	177,275	\$103,926
2024	Non-Medicare Retirees	20,651	\$447,082
2025 (thru November)	Active/COBRA	130,070	\$3,341,679
2025 (thru November)	Medicare	152,190	\$124,304
2025 (thru November)	Non-Medicare Retirees	18,133	\$479,194

Note: Numbers above include claims from a PT provider OR a PT-specific claim. Unspecified therapeutic procedures are excluded.

If we include OT and ST (the second table below), the average number of visits is 478,000, with an average member cost share of \$5.0 million annually.

PT, OT, and ST

Period	Member Type	Encounters	Member Paid
2024	Active/COBRA	226,044	\$4,056,121
2024	Medicare	228,995	\$169,049
2024	Non-Medicare Retirees	31,532	\$578,675
2025 (thru November)	Active/COBRA	208,153	\$4,073,284
2025 (thru November)	Medicare	195,400	\$168,870
2025 (thru November)	Non-Medicare Retirees	26,892	\$553,598

Note: Numbers above include PT/OT/ST-specific claims and anything billed PT/OT/ST provider, as well as additional ‘therapeutic procedure’ claims that are related to physical and medical rehab medicine but are not specifically PT, OT, or ST.

Furthermore, under the Patient Protection and Affordable Care Act (PPACA), physical therapy services are not classified as preventive services. This means applying HB 367 to a

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High-Deductible Health Plan (HDHP) would result in Health Savings Account (HSA) ineligibility, which is felt most acutely by small businesses.

The State Employee and Retiree Health and Welfare Benefits Program, as a self-funded plan, is not subject to state mandates, but it voluntarily complies with them. Given the increase in Plan costs we anticipate with this change, the Program may not be able to comply with this mandate. If this bill were to pass, and the State chose to adopt the provision, the current combined annual days limit would likely require a plan design change and could result in higher premiums for employees in future fiscal years.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long term. This mission is further complicated by significant federal uncertainty in both policy and budgetary areas, which requires the State to maintain a higher degree of fiscal resilience. The Department urges caution when passing legislation that significantly increases expenditures without commensurate reductions elsewhere. In light of the current fiscal crisis, the state government must be disciplined and strategic in its funding decisions to protect essential services. Any legislation that increases spending should include specific, identified, and sustainable funding offsets.

**For additional information, contact Dana Phillips at
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