



DEPARTMENT OF HEALTH

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

March 3, 2026

The Honorable Heather Bagnall
Chair, House Health Committee
241 House Office Building
Annapolis, MD 21401-1991

RE: HB 1264 – Public Health – Maryland Medical Assistance Program – Tobacco Cessation – Letter of Information

Dear Chair Bagnall and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for House Bill (HB) 1264 – Public Health – Maryland Medical Assistance Program – Tobacco Cessation. The bill requires the Maryland Medical Assistance Program (Medicaid), subject to the State budget and federal law, to provide coverage for individual and group tobacco cessation counseling and prohibits Medicaid and managed care organizations (MCOs) from requiring prior authorization (PA) for any product or services used to treat tobacco dependence, effective October 1, 2026.

Tobacco cessation counseling and medications are already covered under Medicaid. Specialty mental health (MH) and substance use disorder (SUD) services, including treatment for nicotine dependence when provided as part of covered behavioral health service, are administered through the behavioral health administrative services organization (ASO) and are automatically authorized when medical necessity criteria are met.^{1,2} Regulations establish covered services, provider participation, and medical necessity standards for treatment of nicotine dependence as part of covered behavioral health services.

In practice, routine specialty MH and community-based SUD services, including counseling and medication management for tobacco cessation, do not require separate-service level PA. However, primary behavioral health services delivered by a participant's primary care provider or federally qualified health center (FQHC) are the responsibility of the MCO when rendered within the provider's scope of practice and may be subject to MCO prior authorization.^{3,4} Tobacco cessations, including nicotine replacement therapy and other medications, are

¹ Code of Maryland Regulations. [COMAR 10.09.59](#) - *Speciality mental health services*; [COMAR 10.09.80](#) - *Community-based substance use disorder services*.

² Maryland Department of Health. 2023. [Provider Transmittal \(PT\) 17-24](#) - *Billing Reminder for Hospitals Seeking Reimbursement for Carved-Out Behavioral Health Services*

³ Code of Maryland Regulations. [COMAR 10.69.08.02](#) - *Primary Behavioral Non-Capitated Covered Services*.

⁴ Maryland Department of Health. 2024. [Provider Transmittal \(PT\) 75-24](#) - *Clarification of Reimbursement for Primary Care Services with Carved-Out Diagnosis Codes in FQHCs*

reimbursed through the Medicaid fee-for-service pharmacy benefit, and some medications currently require PA.

The Department estimates that eliminating PA would result in a 15% increase in utilization across affected services to reflect improved access. This is projected to increase annual Medicaid expenditures by approximately \$258,000 in total funds (\$155,000 federal funds and \$103,000 general funds) for tobacco cessation counseling services, and approximately \$1.2 million in total funds (\$727,000 federal funds and \$485,000 general funds) for tobacco cessation medications. Over five years, the total fiscal impact of the bill is estimated at approximately \$7 million in total funds (\$4.2 million federal funds and \$2.8 million general funds) over five years.

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 of Health