

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1301

(Delegate Rosenberg, *et al.*)

Health and Government Operations

Finance

Maryland Medical Assistance Program, Maryland Children’s Health Program,
and Health Insurance – Transfers to Special Pediatric Hospitals – Prior
Authorizations

This bill prohibits certain insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers), as well as Medicaid and the Maryland Children’s Health Program (MCHP), from requiring prior authorization for a transfer to a “special pediatric hospital.” **The bill takes effect January 1, 2026, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2026 only from the \$125 rate and form filing fee; any additional workload can be absorbed by MIA within existing budgeted resources. Medicaid expenditures (general and federal funds) may increase by an indeterminate but likely minimal amount beginning in FY 2026 to the extent the bill increases the number of nonmedically necessary days; federal fund revenues increase accordingly. No impact on the State Employee and Retiree Health and Welfare Benefits Program.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Special pediatric hospital” means a facility in the State that provides nonacute medical, rehabilitation, therapy, and palliative services to individuals (1) younger

than age 22 or (2) who are at least 2 years old and younger than age 23 and have co-occurring physical and behavioral health conditions.

Current Law: Medicaid generally provides health coverage to children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for Medicaid, applicants must pass certain income and asset tests. Medicaid covers medically necessary inpatient hospital services and medically necessary services performed in an acute rehabilitation hospital under specified conditions.

State Fiscal Effect: Under the bill, Medicaid and MCHP are prohibited from requiring prior authorization for a transfer to a special pediatric hospital. As of January 2025, at least six of the nine Medicaid managed care organizations no longer require prior authorization for transfers to Mount Washington Pediatric Hospital, the predominant special pediatric hospital in Maryland.

The Maryland Department of Health advises that the bill may result in increased costs for days that are not medically necessary. However, utilization management through current and retrospective review would continue to be permitted after transfer, which would help mitigate any potential fiscal impact.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

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