



## DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 29, 2024

The Honorable Joseline A. Peña-Melnyk  
Chair, House Health and Government Operations Committee  
241 House Office Building  
Annapolis, MD 21401-1991

**RE: House Bill 1423 – Maryland Medical Assistance Program and Health Insurance – Step Therapy, Fail-First Protocols, and Prior Authorization- Prescription Drugs to Treat Serious Mental Illness – Letter of Information**

Dear Chair Peña-Melnyk and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of information for House Bill (HB) 1423, *Maryland Medical Assistance Program and Health Insurance – Step Therapy, Fail-First Protocols, and Prior Authorization – Prescription Drugs to Treat Serious Mental Illness*. HB 1423 prohibits prior authorization requirements, fail-first protocol, or step therapy protocol for a prescription drug used to treat a participant’s diagnosis of bipolar disorder; schizophrenia; major depressive disorder; post traumatic stress disorder; or a medication induced movement disorder associated with the treatment of a serious mental illness. Additionally, HB 1423 includes a reporting requirement for Maryland Medicaid.

HB 1423 will result in a financial impact to the Department. Overall, the implementation of HB 1423 will require \$651.8 million in total funds (\$325.9 federal funds, \$325.9 State general funds) over the next five fiscal years and \$125.3 million annually (\$62.6 federal funds, \$62.6 State general funds).

The Department anticipates that the prohibition of prior authorization, step therapy, or fail-first protocol would lead to a shift in the utilization of medications within these four classes from generic to name drugs, or from brand name drugs with a lower net cost to other brand name drugs with a higher net cost, with a significant increase in the cost per prescription. Medicaid also anticipates a decrease in revenue from supplemental rebates as manufacturers will no longer have an incentive to offer supplemental rebates to have their brand name drugs included on the preferred drug list. Removing the prior authorization requirements would also pose operational challenges to Medicaid, as prescriptions do not include diagnosis information, and so a given drug cannot be authorized for only certain conditions. Therefore, Medicaid would have to authorize the prescription whenever these classes of drugs are prescribed, leading to an increase in the number of prescriptions being filled, and in the cost to Medicaid.

MDH further notes that the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT) Act<sup>1</sup> (Public Law 115-217) passed in 2018 requires states to implement claims review processes for individuals prescribed opioids and antipsychotics, as well as monitor appropriate prescribing of antipsychotic medications to children, and report on monitoring activities for children under 18 or in foster care. Maryland Medicaid's current prior authorization policies are in compliance with the federal SUPPORT Act. The changes required by HB 1423 may impact the State's compliance with the SUPPORT Act, putting federal matching dollars at risk.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at [sarah.case-herron@maryland.gov](mailto:sarah.case-herron@maryland.gov) or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.  
Secretary

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<sup>1</sup> <https://www.govinfo.gov/content/pkg/PLAW-115publ271/pdf/PLAW-115publ271.pdf>