



January 9, 2024

The Honorable Pamela G. Beidle
Chair, Senate Finance Committee
James Senate Office Building, Room 202
11 Bladen Street
Annapolis, MD 21401

Re: SB0075, 2023 - Insurance and Maryland Medical Assistance Program – Treatment of Alopecia Areata – Coverage Requirements - Mandated Health Insurance Services Evaluation Report

Dear Chair Beidle,

Pursuant to your request and in accordance with Insurance Article §15-1501, Annotated Code of Maryland, the Maryland Health Care Commission (MHCC) is pleased to submit the enclosed mandated health insurance services evaluation on *SB0075 - Insurance and Maryland Medical Assistance Program – Treatment of Alopecia Areata – Coverage Requirements* introduced during the 2023 legislative session but did not pass.

The bill would have required the Maryland Medical Assistance Program to cover one hair prosthesis for each recipient whose hair loss resulted from alopecia areata and to cover prescription drugs and medical devices approved by the U.S. Food and Drug Administration (FDA) for the treatment of alopecia areata. Additionally commercial insurers would have been required subject to state benefit mandates to cover the cost of one hair prosthesis (up to \$350) prescribed by the physician treating an enrollee or insured for alopecia areata.

The MHCC contracted with Milliman, Inc. (“Milliman”), an actuarial consulting firm, to evaluate the social, medical, and financial impact of SB 75. The attached report provides the results of the evaluation related to the social, medical, and financial impact of SB 75 should this bill be reintroduced and pass in the 2024 legislative session.

A few key points from Millman’s mandate evaluation on requiring coverage for the treatment of Alopecia Areata include:

- For fully insured commercial plans, we estimated that this increase is driven by approximately 1,200 current users without current coverage who will utilize the new \$350 benefit to purchase cranial prostheses, and 270 new users who will only purchase a \$350 cranial prosthesis because of SB 75.

- For the State Health Plan, the increase is driven by 490 current users without coverage who will purchase a cranial prosthesis and 110 new users who will purchase a cranial prosthesis. The estimated average cost of a cranial prosthesis trended to 2025 is \$1,640.
- It is estimated that mandated coverage for cranial prostheses and FDA approved prescription drugs, such as the newly approved JAK inhibitors, would increase Medicaid costs in 2025 by approximately \$6,195,000 to \$10,320,000, \$0.33 to \$0.54 PMPM, \$3.96 to \$6.48 PMPY, depending on the number of alopecia areata patients who will use JAK inhibitors. Actual utilization of JAK inhibitors in the Maryland Medicaid population is not known as they are newly approved treatments.
- The Medicaid cost increase is estimated to be driven by 2,140 new users of cranial prostheses and an additional 100 to 440 JAK inhibitor users. Unlike the commercial population, the Medicaid benefit mandate pays in full for cranial prostheses. The assumption is that the new JAK inhibitor users will pay an additional \$1.50 copay out-of-pocket for each script.

Finally, the Commission strongly urges the Legislature to proceed with caution when considering the adoption of additional mandated health insurance services given their cumulative deleterious impact on affordability over time despite a minimal impact on premiums of any single mandate at the time of adoption.

We appreciate your consideration. If you have any questions or if we may provide you with any further information, please do not hesitate to contact me at ben.steffen@maryland.gov or 410-764-3566 or Ms. Tracey DeShields, Director of Policy Development and External Affairs, at tracey.desields2@maryland.gov or 410-764-3588.

Sincerely,



Ben Steffen,
Executive Director

LINK TO REPORT

cc:

The Honorable Joseline A. Pena-Melnyk, Chair, House Health and Government Operations Committee



The Honorable Jill Carter, Education, Energy, and the Environment Committee
House Health and Government Operations Committee
Senate Finance Committee
The Honorable Laura Herrera Scott, Secretary, Maryland Department of Health
Marie Grant, Assistant Secretary, Health Policy, Maryland Department of Health
Ryan Moran, Deputy Secretary, Healthcare Finance, Maryland Department of Health
Tricia Roddy, Deputy Medicaid Director, Healthcare Finance, Maryland Department of Health
Jonny Dorsey, Deputy Chief of Staff, Governor's Office
June Chung, Deputy Legislative Office, Governor's Legislative Office
Jason Heo, Governor's Office
Sophie Bergmann, Governor's Office
Sarah Albert, Department of Legislative Services (5 hard copies)
Lisa Simpson, Committee Counsel, House Health and Government Operations,
Patrick Carlson, Committee Counsel, Senate Finance
Kenneth Yeates-Trotman, Director, Center for Analysis And Information Systems
Tracey DeShields, Director of Policy Development and External Affairs, MHCC

