

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 699
 Finance

(Senator McCray)

Health Insurance - Physical Therapy - Copayments, Coinsurance, and Deductibles

This bill prohibits a specified insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers), for each date covered physical therapy (PT) services are provided, from imposing a copayment, coinsurance, or deductible for the PT services that is greater than that imposed for an annual physical or wellness visit under the same plan or contract. A carrier must clearly state in each plan or contract the coverage requirements, limitations, conditions, and exclusions for the provision of PT services. **The bill takes effect January 1, 2027, 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 increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2027 from the \$125 rate and form filing fee; review of form filings and complaints can be handled with existing budgeted resources. Expenditures for the State Employee and Retiree Health and Welfare Benefits Program increase by at least \$1.8 million in FY 2027, and \$3.6 million annually thereafter, as discussed below.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	-	\$0	\$0	\$0	\$0
GF/SF/FF Exp.	\$1.8	\$3.6	\$3.6	\$3.6	\$3.6
Net Effect	(\$1.8)	(\$3.6)	(\$3.6)	(\$3.6)	(\$3.6)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: To the extent the bill increases the cost of health insurance, expenditures for local governments that purchase fully insured medical plans increase. Revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Under Maryland law, there are more than 50 mandated health insurance benefits that certain carriers must provide to their enrollees. The federal Patient Protection and Affordable Care Act (ACA) requires nongrandfathered health plans to cover 10 essential health benefits, which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care.

The ACA requires most private health insurance plans to cover recommended preventive services without cost sharing. Most health plans cover annual physicals or wellness checks at no cost to enrollees.

State Expenditures: The State Employee and Retiree Health and Welfare Benefits Program is largely self-insured for its medical contracts and, as such, except for the one fully insured integrated health model medical plan (Kaiser), is not subject to this mandate. However, the program generally provides coverage for mandated health insurance benefits as prescribed under Maryland law.

The Department of Budget and Management (DBM) advises that, in calendar 2024, the State covered 337,465 PT encounters for enrollees, for which members paid \$3,565,744. In calendar 2025 (through November), the State covered 300,393 PT encounters, for which members paid \$3,945,177. DBM notes that as it cannot charge a copayment for an annual or physical or wellness visit, PT services would have to be provided at no cost to members.

Therefore, based on calendar 2024 PT encounters (the last full year available), State expenditures (general, special, and federal funds) increase by at least \$1.78 million in fiscal 2027, reflecting the bill's January 1, 2027 effective date, and by at least \$3.57 million annually thereafter. Using calendar 2025 data through November, expenditures would increase by at least \$1.97 million in fiscal 2027, and by at least \$3.94 million annually thereafter.

Small Business Effect: Insureds in small businesses covered under nongrandfathered small group health benefit plans will see reduced cost sharing for PT services. However, health insurance costs may increase for small businesses with nongrandfathered small employer plans.

Additional Comments: MIA advises that the State benchmark plan (a reference plan that defines the minimum benefits that must be offered in the individual and small group

markets in Maryland) includes coverage for PT services. Thus, these plans will be subject to the bill's cost-sharing requirements, in addition to large group plans and grandfathered individual plans that provide coverage for PT services.

Additional Information

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

Designated Cross File: HB 367 (Delegate Kipke) - Health.

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

Fiscal Note History: First Reader - February 10, 2026
sj/ljm

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