



January 14, 2026

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Re: Revised Estimate of Cost Impact Requiring Coverage for Orthoses

Dear Chair Beidle,

The Maryland Health Care Commission (MHCC) is pleased to submit this response to your November 21, 2025 letter requesting a revised estimate to the cost impact of requiring health insurance coverage for orthoses that aligns with the draft legislation that accompanied your request and using a revised list of “L” codes provided by advocates who support the legislation. The MHCC estimates that the revised cost estimate will add about \$0.09 per member per month or about \$1.08 per member per year to privately insured health care premiums. Please see the detailed analysis of the revised estimate in the attached report.

MHCC used the Maryland Medical Care Data Base (MCDB), the main component of Maryland’s Multi-Payer Claims Database, as the data source for this analysis. Specifically, the professional services files and eligibility files were used. The MCDB population is all Maryland residents who are enrolled in private fully insured health plans including the state employee’s health plan which is a self-insured non-ERISA protected health plan.

We appreciate your consideration. If you have any questions, please do not hesitate to contact me at douglas.jacobs@maryland.gov or Ms. Tracey DeShields, Director of Policy Development and External Affairs at tracey.deshields2@maryland.gov.

Sincerely,

Douglas Jacobs, MD, MPH
Executive Director

cc:

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Hannah Dier, Deputy Legislative Office, Governor’s Legislative Office

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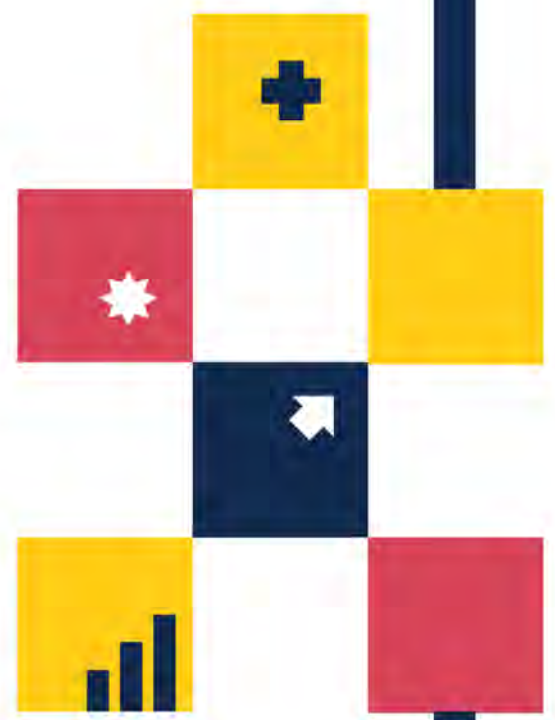


Revised Estimate of the Cost Impact Requiring Coverage for Orthoses

Maryland Health Care Commission

Marcia Boyle, MS.
ACTING CHAIR

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Highlights:

- The number of commercial participants (fully insured and state employees) who used orthoses decreased over calendar years 2021 to 2023:
 - CY2021: 11,424 participants
 - CY2022: 11,002 participants
 - CY2023: 10,864 participants
 - Although the number of unique orthoses patients decreased across the years 2021 through 2023, there appears to be a slowdown in the decreases. CY2022 shows a 3.5% decrease in orthoses patients compared to a decrease of 1.3% in CY2023.
- Out of the 377 “L” codes provided by the Maryland Department of Health (MDH) for the December 2024 study (SB 614—expanded coverage of prostheses for whole-body health), a revised list of 117 “L” codes provided by stakeholders via Chair Pamela Beidle were selected to define the expanded whole-body health benefit for orthoses. The previous list had 258 “L” codes out of the 377 to define the expanded whole-body health benefit for orthoses.
- Summary of financial impact to expand orthoses benefit to include Whole-body health, 2027:

Market	Expected Premium Increase		
	Annual Dollars	PMPM	% Impact
Individual	\$226,535	\$0.07	0.04%
Small Group	\$321,630	\$0.13	0.08%
Large Group (Fully Insured)	\$491,157	\$0.09	0.07%
Fully Insured Commercial	\$1,039,322	\$0.09	0.06%
State Employees	\$665,646	\$0.26	0.09%
Total Commercial	\$1,704,969	\$0.13	0.07%

Note: Individual market includes Student Health Plan



Introduction:

Chapters 822 and 823 of 2024 required the Maryland Health Care Commission (MHCC) and the Maryland Department of Health (MDH), in consultation with the Maryland Insurance Administration (MIA), to review utilization of “L” codes and related codes within the All-Payer Claims Database and evaluate the cost impact of requiring coverage for orthoses, including medically necessary activity-specific orthoses, by the Maryland Medical Assistance Program and commercial health insurance plans. MDH submitted the report in December 2024.

This analysis is in response to a request via a letter from Senator Pamela G. Beidle, Chair of the Senate Finance Committee. The Maryland Health Care Commission (MHCC) is tasked with providing a **revised estimate of the cost impact of requiring coverage for “orthoses”** that aligns with the requirements of the draft legislation (LR 1415—Maryland Medical Assistance Program and Health Insurance – Coverage for Orthoses and Prostheses — So Every Body Can Move Act). A revised list of “L” codes (117 codes), narrower than the list (258 L-codes) used in the December 2024 study for Orthoses Whole Body Health. In general, prostheses and orthoses are covered via the Affordable Care Act (ACA) essential health benefits (EHB) under the “habilitative services and devices” for the individual and small group markets and under Insurance Article §15-844 for fully insured large group market. Please note that the revised cost impact for this analysis is for the commercial markets population (individual market, small group market, and fully insured large group) and the state health plan that is subject to state mandates.

Orthoses whole-body health uses are defined as performing physical activities including running, biking, swimming, strength training, and other activities to maximize the whole-body health and lower or upper limb function of and the insured member or enrollee. When comparing the old “L” code list (258) to the new “L” code list, “Knee Orthoses”, “Ankle Foot Orthoses”, “KAFOs and HKAFOs”, “Addition Codes not to KOs”, “Addition Codes”, “Foot Orthoses” and “Upper Extremity Orthoses” made of 73% of the 258 “L” codes compared to 100% of the 117 new “L” codes list. Please see Appendix B for more information (shaded categories).

Expansion of Coverage of Orthotic “L” Codes for Whole-body Health

To determine a baseline from which the cost of expanding orthoses benefit to include whole-body health coverage, the MHCC conducted an analysis of the current utilization of the 117 orthotic “L” codes provided by Chair Beidle. See Appendix A for the list of “L” codes used in the analysis. Table 1 below demonstrates trends in utilization of select “L” codes by commercial participants for CYs 21-23. The number of commercial participants who used orthoses decreased over these years. Specifically, in CY21, 11,424 participants utilized



orthoses across all markets; this number decreased to 11,002 (or 3.5% decrease) in CY22, and in CY23, this number decreased further to 10,864 (or 1.3% decrease). There seems to be a slowdown in the decrease which may indicate signs of an uptick in orthoses unique patients.

Table 1: Utilization of Select “L” codes for Orthoses. CY21 - 23

Year	Market	Unique Patients	Total Units	Units/ 1,000	Total Allowed Costs	Total Allowed PMPM	Cost/ Unit	Allowed PMPM Trend	Utiliz Trend	Unit Cost Trend
2023	Individual	1,726	3,293	16	\$582,658	\$0.23	\$177	-10.0%	-11.7%	2.0%
	Small Group	2,392	4,452	23	\$785,993	\$0.34	\$177	13.2%	9.5%	3.4%
	Large Group	2,132	3,961	21	\$709,367	\$0.32	\$179	59.0%	54.0%	3.3%
	State_Employee	4,599	9,640	48	\$1,677,999	\$0.69	\$174	7.0%	4.7%	2.2%
	Total	10,849	21,346	27	\$3,756,017	\$0.40	\$176	19.6%	16.7%	2.5%
2022	Individual	1,906	3,589	18	\$622,670	\$0.26	\$173	-7.7%	-7.3%	-0.5%
	Small Group	2,374	4,403	21	\$752,065	\$0.30	\$171	-6.2%	-7.2%	1.0%
	Large Group	2,261	4,171	14	\$723,409	\$0.20	\$173	-9.5%	-10.4%	1.0%
	State_Employee	4,441	8,821	46	\$1,502,676	\$0.65	\$170	3.0%	2.3%	0.7%
	Total	10,982	20,984	23	\$3,600,820	\$0.33	\$172	-4.8%	-5.4%	0.6%
2021	Individual	1,897	3,771	19	\$657,206	\$0.28	\$174	38.6%	36.1%	1.8%
	Small Group	2,527	4,926	23	\$833,165	\$0.32	\$169	18.4%	17.7%	0.7%
	Large Group	2,434	4,555	15	\$782,063	\$0.22	\$172	63.3%	65.3%	-1.2%
	State_Employee	4,538	9,088	45	\$1,537,825	\$0.63	\$169	10.6%	10.8%	-0.2%
	Total	11,396	22,340	24	\$3,810,259	\$0.35	\$171	5.6%	5.5%	0.09%

Notes: (i) Includes Fully insured and State Health Plan; (ii) Maryland Residents; (iii) Excludes ERISA and FEHB health plans

Establishing a Baseline

Like the December 2024 study, CY23 data is used as a baseline to project costs for CY24, CY25, CY26, and CY27. Because of the slowdown in the decrease of unique orthoses participants, a conservative assumption of 1.5% increase in orthoses participants is applied across markets. Expenditure projections for CYs 2024, 2025, and 2026 are based on the average long-term observed utilization trends (units per 1,000 insured members per year).

Projecting Increase in Costs to Account for the Expansion of coverage for Orthoses to include Whole-body Health Benefit

MHCC used baseline data to project costs associated with expanding orthoses coverage to include whole-body health follows the December 2024 MDH report (see Appendix D for additional information regarding the assumptions and limitations). To evaluate the cost associated with expanding the orthoses benefit to include whole-body health coverage, MHCC used the projected CY26 as the baseline for CY27, assuming a 30% increase in service units across all markets due to expanding the benefits coverage for orthoses to include whole-body health. A conservative assumption of a 30% increase in units of measure for whole-body health orthoses originated from an actuarial study prepared for the Minnesota



legislature¹. Also, MHCC used an assumption of 3% increase in unit cost across all markets. We chose this assumption because of the wearing off the long-term utilization trends assumption by CY27. These assumptions imply an overall 33.9% increase in expenditure across all markets for CY27 (see Table 2 for additional information).

Table 2: Projected Increase in Utilization of Select “L” codes for Orthoses, CY23 - 27

Market	2023				2026					2027				
	Unique Patients	Total Units	Unit Cost	Total Allowed Expenditures	Unique Patients	Total Units	Unit Cost	Total Expenditures	%Δ	Unique Patients	Total Units	Unit Cost	Total Expenditures	%Δ
Individual	1,741	3,250	\$176	\$570,627	1,821	3,683	\$181	\$665,647	5.3%	3,596	4,788	\$183	\$878,321	32.0%
Small Group	2,392	4,324	\$176	\$760,061	2,501	5,176	\$183	\$945,071	7.5%	4,873	6,729	\$185	\$1,247,021	32.0%
Large Group	2,132	3,880	\$178	\$691,480	2,229	7,833	\$184	\$1,443,207	27.8%	5,205	10,183	\$187	\$1,904,312	32.0%
State Employee	4,599	9,553	\$175	\$1,667,578	4,809	10,995	\$178	\$1,955,922	5.5%	10,626	14,294	\$181	\$2,580,840	32.0%
Total	10,864	21,007	\$176	\$3,689,746	11,360	27,687	\$181	\$5,009,847	11.4%	24,300	35,994	\$184	\$6,610,493	32.0%

Note: CY24-CY25 not shown

Projected Costs Associated with Expansion of Orthoses Benefit to Include Whole-body Health

The projected cost associated with the expansion of the orthoses benefit to include whole-body health is established taking the difference between the expanded results and the baseline results. Table 3 shows these results by market (fully insured commercial and state employee health plans). Table 3 also shows the total cost of care and premium impact for including the expansion of the orthoses whole-body health benefit. MHCC utilized the 2023 allowed claims data as the base year and trended it to 2027 with an assumed allowed claims trend of 9.5% per year. The 9.5% assumption is based on the average allowed claims trend from 2019 to 2023. The projected allowed claims per member per month (PMPM) before orthoses expansion is \$634.38 for fully insured commercial and \$1,152.62 for state employees.

Also, MHCC assumed a total average loss ratio of 85% based on information from health insurance carriers' responses to various surveys for mandated benefit studies. Carriers provided earned premiums along with corresponding loss ratios for commercial fully insured by the market and for the state health plan. MHCC calculated total claims costs by applying loss ratios to earned premiums by market. The earned premiums and total claims were accumulated across carriers and used to estimate the overall loss ratio, which resulted in 0.85, or 85%. This average loss ratio was applied to the total cost of care PMPMs to

¹ Analysis performed by other states, as well as studies published in the peer-reviewed literature, estimate that

over the course of 10 years, between 50-60% of the population utilizing orthoses will utilize additional orthoses for

whole-body health if the benefit is expanded. Minnesota Commerce Department, (2024). HF 3339/ SF 3351 – Evaluation of Coverage for Orthotic and Prosthetic Devices Report to the Minnesota Legislature Pursuant to Minn.

Stat. § 62J.26 and Malouff, S et al., (2024). A Multi-State Analysis of the Fiscal and Social Impact of Commercial



calculate the projected 2027 premium PMPMs, both before and after the expansion of orthoses' whole-body health benefits across all markets. Table 3 shows changes in projected costs associated with the expansion of coverage for orthoses to include whole-body health. The premium impacts for orthoses whole-body health across all markets (i.e., 0.03% premium increase for the individual market, 0.08% for the small group market, 0.07% for the fully insured large group market, and 0.09% for the State Health Plan). Please note that there is no change in unique patients from the projected baseline to the expanded coverage of orthoses to include whole-body health as these are the same patients at the projected baseline in 2027 who would be utilizing the expanded for orthoses to include whole-body health. Please see Appendix C for more information.

Table 3: Projected Costs Associated with Expansion of Orthoses Benefit to Include Whole-body health and Premium Impact for CY2027

Market	Projected Costs Associated with Orthoses Benefit to Include Whole-Body Health, 2027					Premium Impact , 2027	
	Unique Patients	Units of Service	Total Allowed Expenditures	Total Allowed PMPM	Total Premium PMPM	Loss Ratio	% Premium Impact
Changes in:							
Individual	0	1,050	\$192,555	\$0.06	\$0.07	85%	0.04%
Small Group	0	1,475	\$273,385	\$0.11	\$0.13	85%	0.08%
Large Group (Fully Insured)	0	2,232	\$417,484	\$0.08	\$0.09	85%	0.07%
Fully Insured Commercial New Costs for Orthoses Expansion	0	4,757	\$883,424	\$0.08	\$0.09	85%	0.06%
State Employee New Costs for Orthoses Expansion	0	3,134	\$565,799	\$0.22	\$0.26	85%	0.09%
Total Commercial New Costs for Orthoses Expansion	0	7,891	\$1,449,224	\$0.11	\$0.13	85%	0.07%

Please see Appendix C for more detailed information

Conclusion

MHCC used a narrower set of "L" code set (117 codes) provided by Chair Beidle than those (258 "L" codes) used in the December 2024 MDH study to project the cost of expanding coverage of whole-body health for orthoses for the commercial market (individual, small group, fully insured large group) and the state health plan—State Employee Plan. The conservative cost estimate to expand orthoses coverage to include whole-body health for the commercial market is about \$1.45 million annually or \$0.11 PMPM. This cost estimate is equivalent to a premium increase of about 0.07%, or \$0.13 PMPM (\$1.7 million in annual premium).



Appendix A: List of Orthotic “L” codes used in the analysis.

No.	HCPCS	Description "L" codes for Orthoses
1	L1810	KO elastic with joints
2	L1820	KO elas w/condyle pads & jo
3	L1840	KO derot ant cruciate custom
4	L1843	KO single upright custom fit
5	L1844	KO w/adj rot cntrl molded
6	L1845	KO w/ adj flex/ext rotat cus
7	L1846	KO w adj flex/ext rotat mold
8	L1860	KO supracondylar socket mold
9	L1904	AFO molded ankle gauntlet
10	L1907	AFO supramalleolar custom
11	L1910	AFO sing bar clasp attach sh
12	L1920	AFO sing upright w/adjust s
13	L1930	AFO plastic
14	L1932	AFO, rigid anterior tib sect, total carb or equal , prefab, inc fit & adjustments
15	L1940	AFO molded to patient plastic
16	L1945	AFO molded plas rig ant tib
17	L1950	AFO spiral molded to pt plas
18	L1951	AFO spiral prefabricated
19	L1960	AFO pos solid ank plastic mo
20	L1970	AFO plastic molded w/ankle j
21	L1971	AFO w/ankle joint, prefab
22	L1980	AFO sing solid stirrup calf
23	L1990	AFO doub solid stirrup calf
24	L2000	KAFO sing fre stirr thi/calf
25	L2005	KAFO, any material, single or double upright, contro, auto lock
26	L2020	KAFO dbl solid stirrup band/
27	L2034	KAFO full plastic, single upright, custom fabricated
28	L2036	KAFO plastic double free knee motion
29	L2037	KAFO plastic single free knee motion
30	L2038	KAFO, full plastic, with or w/o free motion knee, multi-axis ankle, custom fab
31	L2040	HKAFO torsion bil rot straps
32	L2050	HKAFO torsion cable hip pelv
33	L2060	HKAFO torsion ball bearing j
34	L2070	HKAFO torsion unilat rot strap
35	L2080	HKAFO unilat torsion cable
36	L2200	Limited ankle motion ea jnt
37	L2210	Dorsiflexion assist each joi
38	L2220	Dorsi & plantar flex ass/res
39	L2230	Split flat caliper stirr & p
40	L2232	Additions to lower extremity orthosis, rocker bottom for total AFO, cust fab only
41	L2240	Roung caliper and plate atta
42	L2250	Foot plate molded stirrup at
43	L2260	Reinforced solid stirrup
44	L2265	Long tongue stirrup
45	L2270	Varus/Valgus strap padded/li
46	L2275	Plastic mod low ext pad/line
47	L2280	Molded inner boot
48	L2300	Abduction bar jointed adjust
49	L2310	Abducted bar-straight
50	L2320	Non-molded to patient mode
51	L2330	Lacer molded to patient mode
52	L2340	Pre-tibial shell molded to p
53	L2350	Prosthetic type socket mold
54	L2360	Extended steel shank
55	L2375	Torsion ank & half solid sti
56	L2380	Torsion straight knee joint
57	L2385	Straight knee joint heavy du
58	L2387	Addition to lower extremity Polycentric knee joint, for custom fab knee



Appendix A: List of Orthotic “L” codes used in the analysis. Cont’d

No.	HCPCS	Description "L" codes for Orthoses
59	L2390	Offset knee joint each
60	L2395	Offset knee joint heavy duty
61	L2397	Suspension sleeve lower ext
62	L2405	Addition to knee joint, drop lock, each
63	L2415	Knee joint cam lock each joi
64	L2425	Knee disc/dial lock/adj flex
65	L2430	Knee jnt ratchet lock ea jnt
66	L2492	Knee lift loop drop lock rin
67	L2500	Thi/glut/ischia wgt bearing
68	L2510	Thi/wght bear quad-lat brim m
69	L2520	Thi/wght bear quad-lat brim c
70	L2525	Thi/wght bear nar m-l brim mo
71	L2526	Thi/wght bear nar m-l brim cu
72	L2530	Thigh/wght bear lacer non-mo
73	L2540	Thi/wght bear lacer molded
74	L2550	Thight/wght bear high roll cu
75	L2750	Plating chrome/nickel pr bar
76	L2755	Carbon graphite lamination
77	L2760	Extension per extension per
78	L2768	Orthotic side bar disconnect device, per bar
79	L2780	Non-crrusive finish
80	L2785	Drop lock retainer each
81	L2795	Knee control full kneecap
82	L2800	Knee cap medial or lateral p
83	L2810	Knee control condylar pad
84	L2820	Soft interface below knee se
85	L2830	Soft interface above knee se
86	L2840	Tibial length sock fx or equ
87	L2850	Femoral lgth sock fx or equa
88	L3000	Foot insert Berkeley shell
89	L3001	Foot insert, removable, molded to patient model, Spenco model, each
90	L3002	Foot insert, removable, molded to patient model, Plastazote or equal, ea
91	L3003	Foot insert, removable, molded to patient model, silicone gel, each
92	L3010	Foot insert, removable, molded to patient model, longitdl, arch supprt ea
93	L3020	Foot insert, removable, molded to patient mdel, lngtdl/metatrsl spprt, ea
94	L3030	Foot arch support remov prem
95	L3031	Foot lamin/prepreg composite
96	L3720	Forearm/arm cuffs free motio
97	L3730	Forearm/arm cuffs ext/flex a
98	L3740	Cuffs adj lock w/active con
99	L3763	EWHO, rigid, w/o joints, may include soft interface, straps, custom fab
100	L3764	Elbow wrist hand orthosis, inclds one or more nontorsion joints, cust fab
101	L3765	Elbow wrist hand finger orthosis, rigid, w/o joints, custom fabricated
102	L3766	Elbow wrist hand finger orthosis, inclds one or more nontorsion joints, cs fab
103	L3806	Whfo w/joint(s), custom fab
104	L3900	Hinge extension/flex wrist/f
105	L3901	Hinge ext/flex wrist finger
106	L3904	Whfo electric custom fitted
107	L3905	Wrist hand orthosis, inclds one or more nontorsion joints, elastic bands, cfab
108	L3906	Wrist hand orthosis, without joints, custom fabricated
109	L3913	Hand finger orthosis, without joints, may include soft interface, custom fab
110	L3915	WHO w/nontor joints, prefab
111	L3919	Hand orthosis, w/o joints, custom fabricated
112	L3921	Hand finger orthosis, inclds one or more nontorsion joints, custom fabricated
113	L3923	Hand finger orthosis, without joint, prefab, inc fitting and adj
114	L3929	HFO non-torsion joint, prefab
115	L3931	WHFO Non-torsion joint, prefab
116	L3933	Finger orthosis, w/o joints, may incld soft interface, custom fab
117	L3935	Finger orthosis, nontorsion joint, custom fabricated



Appendix B: Distributions of Selected "L" Codes Before (258 L codes) and After (117 L codes) Revised List

Category	Number of L-Codes		Distribution of L-Codes	
	Before	After	Before	After
HIP ORTHOSIS (HO) - FLEXIBLE	12	0	5%	0%
LEG PERTHES	5	0	2%	0%
KNEE-ANKLE-FOOT ORTHOSIS (KAFO)	19	8	7%	7%
ANKLE-FOOT ORTHOSIS (AFO)	18	15	7%	13%
KAFO	11	7	4%	6%
TORSION CONTROL AND HIP-KNEE-ANKLE-FOOT ORTHOSIS (HKAFO)	16	5	6%	4%
ADDITIONS TO FRACTURE ORTHOSIS	9	2	3%	2%
ADDITIONS TO LOWER EXTREMITY ORTHOSIS AND SHOE-ANKLE SHIN-KNEE	26	24	10%	21%
ADDITIONS TO STRAIGHT KNEE OR OFFSET KNEE JOINTS	5	5	2%	4%
ADDITIONS TO THIGH/WEIGHT BEARING AND GLUTEAL/SCHIAL WEIGHT BEARING	8	8	3%	7%
ADDITIONS TO PELVIC AND THORACIC CONTROL	28	13	11%	11%
INSERTS, ARCH SUPPORTS AND ABDUCTION AND ROTATION BARS	12	8	5%	7%
ORTHOPEDIC FOOTWEAR	2	0	1%	0%
SHOE MODIFICATIONS - LIFTS	5	0	2%	0%
SHOE MODIFICATIONS - WEDGES	10	0	4%	0%
SHOE MODIFICATIONS - HEELS	7	0	3%	0%
MISCELLANEOUS SHOE ADDITIONS	11	0	4%	0%
TRANSFER OR REPLACEMENT	5	0	2%	0%
SHOULDER ORTHOSIS (SO)	3	0	1%	0%
ELBOW ORTHOSIS (EO)	12	7	5%	6%
WRIST-HAND-FINGER ORTHOSIS (WHFO)	4	1	2%	1%
DYNAMIC FLEXOR HINGE, RECIPROCAL WRIST EXTENSION/FLEXION AND FINGER	4	4	2%	3%
OTHER WHFOS - CUSTOM FITTED	16	10	6%	9%
ABDUCTION POSITION, CUSTOM FITTED	4	0	2%	0%
ADDITIONS TO MOBILE ARM SUPPORTS	6	0	2%	0%
Total Number of "L" Codes	258	117	100%	100%



Appendix C: Comparison of Projected Baseline Costs to Projected Costs Associated with Expansion of Orthoses Benefit to Include Whole-body Health and Total Project Cost of Care and Premium Impact

No.	Market	Projected Costs Associated with Orthoses Whole-Body Health, 2027					Total Cost of Care and Premium Impact, 2027			
		Unique Patients (a)	Units of Service (b)	Total Allowed Expenditures (c)	Allowed PMPM (d)	Premium PMPM (e)	Loss Ratio (f)	Total Claim Cost PMPM (g)	Total Premium PMPM (h)	% Premium Impact (i)
1	Individual	3,596	3,738	\$685,766	\$0.20	\$0.24	85%	\$730.96	\$859.95	
2	Small Group	4,873	5,254	\$973,636	\$0.41	\$0.48	85%	\$653.88	\$769.27	
3	Large Group (Fully Insured)	5,205	7,950	\$1,486,828	\$0.28	\$0.33	85%	\$553.27	\$650.90	
4	Fully Insured Commercial Baseline	13,674	16,943	\$3,146,230	\$0.28	\$0.33	85%	\$634.38	\$746.33	
5	Individual	3,596	4,788	\$878,321	\$0.26	\$0.31	85%	\$731.22	\$860.26	
6	Small Group	4,873	6,729	\$1,247,021	\$0.52	\$0.61	85%	\$654.40	\$769.88	
7	Large Group (Fully Insured)	5,205	10,183	\$1,904,312	\$0.36	\$0.42	85%	\$553.63	\$651.33	
8	Fully Insured Commercial Expanded	13,674	21,700	\$4,029,654	\$0.36	\$0.43	85%	\$634.74	\$746.75	
	Changes:									
9	Individual	0	1,050	\$192,555	\$0.06	\$0.07	85%	\$0.26	\$0.31	0.04%
10	Small Group	0	1,475	\$273,385	\$0.11	\$0.13	85%	\$0.52	\$0.61	0.08%
11	Large Group (Fully Insured)	0	2,232	\$417,484	\$0.08	\$0.09	85%	\$0.36	\$0.42	0.07%
12	Fully Insured Commercial New Costs for Orthoses Expansion	0	4,757	\$883,424	\$0.08	\$0.09	85%	\$0.36	\$0.43	0.06%
13	State_Employee Baseline	10,626	11,160	\$2,015,040	\$0.78	\$0.92	85%	\$1,152.60	\$1,356.00	
14	State_Employee Expanded	10,626	14,294	\$2,580,840	\$1.00	\$1.18	85%	\$1,153.60	\$1,357.18	
15	State Employee New Costs for Orthoses Expansion	0	3,134	\$565,799	\$0.22	\$0.26	85%	\$1.00	\$1.18	0.09%
16	Total Commercial Baseline	24,300	28,103	\$5,161,270	\$0.38	\$0.45	85%	\$733.23	\$862.63	
17	Total Commercial Expanded	24,300	35,994	\$6,610,493	\$0.48	\$0.57	85%	\$733.72	\$863.20	
18	Total Commercial New Costs for Orthoses Expansion	0	7,891	\$1,449,224	\$0.11	\$0.13	85%	\$0.48	\$0.57	0.07%

Individual Market Calculations:

- 1a: projected unique patients at the baseline for the individual market trended from CY 2026 using a 1.5% trend assumption
- 1b: projected units of service at the baseline for the individual market trended from CY 2026 using a 1.5% trend assumption
- 1c: $(5c \div 5b) \times 1b$
- 1d: $1c \div$ months of exposure for individual market
- 1e: $1d \div 1f$
- 1f: loss ratio assumption
- 1g: Total Claim Cost (Medical & Rx) PMPM of \$508 trended for 48 months from CY2023 to CY2027 using a 9.5% annual trend
- 1h: $1g \div 1f$
- 4g: (total care \div total member exposure) across all markets trended for 48 months from 2023 using a 9.5% annual trend
- 4h: $4g \div 4f$
- 5a: 1a for individual market
- 5b: trended from 2026 at 30% utilization trend assumption
- 5d: $5b \div$ months of exposure for individual market
- 5e: $5b \div 5f$
- 5g: $1g + 5d$
- 5h: $5g + 5f$
- 9i: $(5h \div 1b) - 1$



Appendix D: Assumptions and Limitations to estimate the cost of coverage expansion to include Whole-body Health

Using current benefits coverage, CY23 was used as a baseline to project expected orthoses costs for CY24-27 if Maryland were to expand commercial coverage to include orthoses for whole-body health.

The population used in this analysis are enrollees subject to state mandates (individual market, small group market, fully insured large group market) and the state health plan which is a self-insured non-ERISA plan. For each projected year (CY24-27) MHCC assumed a 3% increase in the population using orthoses across all markets. For CY24-26, MHCC used average long-term utilization trends (units per 1,000 insured members per year), including CY19, CY21-23 to forecast units of service by market as follows:

- 4.3% increase in units of service for the individual market
- 6.2% for small group
- 31.1% for large group (fully insured)
- 4.8% for State Health Plan (State Employee)
- -7.9% for Student Health Plans (a small market segment)
- Resulting in an assumed 19.4% increase in units of service across all markets

Similarly, using average long-term allowed PMPM trends for CY19, and CY21-CY23, for CY24-26.

The following assumptions were used regarding increases in expenditure by market:

- 5.3% increase in spending for the individual market.
- 7.5% for small group market.
- 32.7% for large group (fully insured) market.
- 5.5% for State Health Plan; and
- 27.5% increase for Student Health Plan (note that Student Health Plan is about 0.06% of total expenditure).
- These assumed increases in spending by market imply an overall assumed increase of the expenses of about 20.1% across all markets.

Considering the average long-term allowed PMPM and utilization trends for CY19, and CY21-23 for CY24-26 imply the following assumed changes in unit cost by market:

- A 1.0% decrease in unit costs for the individual market
- 0.6% increase in unit cost for small group market
- 1.3% increase in unit costs for large
- 0.1% increase in unit costs for the State Health Plan
- There was a 32.5% increase in unit cost for the Student Health Plan (a small market that accounts for about 0.06% of total expenditure).
- The resulting overall assumed increase in unit cost across all markets is about 0.4%.



For CY27 assumes the following:

- a 30% increase in units of service across all markets due to the implementation of coverage for orthoses for whole-body health
- 3% increase in per unit cost across all markets
- results in an assumed 33.9% increase in expenditure across all markets

