

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1290

(Delegate Adams, *et al.*)

Health and Government Operations

Finance and Budget and Taxation

Medicaid Managed Care Organizations - Pharmacy Networks - Plan

This bill requires the Department of Health and Mental Hygiene (DHMH), by September 1, 2015, to establish a plan to ensure that Medicaid recipients enrolled in managed care organizations (MCOs) have reasonable access to pharmacy services if an MCO makes a change to its pharmacy network that reduces the number of providers or alters the location of services provided. The plan must address any geographic standards needed to ensure access to pharmacy services in urban, rural, and suburban areas. DHMH must submit the plan to specified committees of the General Assembly by December 1, 2015.

The bill takes effect June 1, 2015.

Fiscal Summary

State Effect: Establishment of the required plan can be handled with existing budgeted resources. Any potential impact on Medicaid expenditures resulting from the plan is indeterminate and depends on the plan established.

Local Effect: None.

Small Business Effect: Any impact on small businesses pharmacies is indeterminate and depends on the plan established. To the extent that small business pharmacies are able to continue to serve MCO enrollees under the plan, there is a potential meaningful impact.

Analysis

Current Law: Maryland's Medicaid managed care program (HealthChoice) must ensure that an enrollee has access to a pharmacy that is licensed by the State and within a reasonable distance from the enrollee's residence.

Under *Code of Maryland Regulations* 10.09.66.06, an MCO must develop and maintain a provider network that ensures that enrollees have access to the sites at which they receive pharmacy services (as well as primary care, obstetrics/gynecology, and diagnostic laboratory and X-ray services). To meet geographical access standards, an MCO must provide services within a specified distance of each enrollee's residence. In urban areas, enrollees must have access within 10 miles of their residence; in rural areas, within 30 miles; and in suburban areas, within 20 miles.

If an MCO can demonstrate to DHMH the adequacy of its provider network, notwithstanding its inability to meet the geographical access standards, DHMH may approve the network if special circumstances exist which, considered along with the overall strength of the MCO's network, establish that DHMH's approval of the network will enhance recipients' overall access to quality health care services in the area to be served.

For purposes of MCO geographical access standards, "urban" enrollment area includes Baltimore City. "Rural" enrollment areas include Allegany, Calvert, Caroline, Cecil, Charles, Dorchester, Frederick, Garrett, Kent, Queen Anne's, Saint Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester counties. "Suburban" enrollment areas include Anne Arundel, Baltimore, Carroll, Harford, Howard, Montgomery, and Prince George's counties.

Background: In March 2015, United Healthcare announced plans to downsize its Medicaid MCO pharmacy network to "curb escalating health care costs while getting better value for every health care dollar spent." United submitted evidence to DHMH demonstrating that the new network would continue to meet geographical access standards. DHMH advises that the department has monitored the roll-out of this change, including communication with enrollees and providers. United's member services division was trained to assist members in identifying a new pharmacy or transferring prescriptions where necessary. United is allowing enrollees to submit exception requests.

Based on concerns raised by independent community pharmacies (which were excluded from the new network), United reviewed approximately 78 pharmacies (including almost 20 on the Eastern Shore alone) that were excluded from the new network. In some cases, offers to join the new network were extended to individual pharmacies based on such factors as local-market needs for home delivery and specialty packaging and geographic or

transportation requirements. Of the 78 cases, at least 7 pharmacies were added to the network and at least 41 additional pharmacies were extended offers to join the network.

HealthChoice currently has eight MCOs: Amerigroup, Jai, Kaiser, Maryland Physicians Care, MedStar, Priority Partners, Riverside, and United Healthcare.

According to the State Board of Pharmacy, there are 1,907 full-service pharmacies licensed to operate in Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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