

**Department of Legislative Services**  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 1273

(Delegate Johnson, *et al.*)

Health and Government Operations

Finance

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**Health Insurance – Audits of Pharmacies or Pharmacists – Authorization to  
Withdraw and Resubmit Claims**

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This bill specifies that, if a contract between a pharmacy or a pharmacist and a pharmacy benefits manager (PBM) specifies a period of time in which a pharmacy or pharmacist may withdraw and resubmit a claim and that period of time expires before the PBM delivers a preliminary audit report that identifies discrepancies, the PBM must allow the pharmacy or pharmacist to withdraw and resubmit a claim. A pharmacy or pharmacist must withdraw and resubmit a claim within 30 days after (1) the preliminary audit report is delivered if the pharmacy or pharmacist does not request an internal appeal or (2) the conclusion of the internal appeals process if the pharmacy or pharmacist requests an internal appeal.

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**Fiscal Summary**

**State Effect:** The bill does not materially impact State operations or finances.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** A PBM is a business that administers and manages prescription drug benefit plans for purchasers. A PBM must register with the Maryland Insurance Administration prior to providing pharmacy benefits management services. The Insurance Commissioner is authorized to examine the affairs, transactions, accounts, and records of a registered PBM at the PBM's expense.

When conducting an audit of a pharmacy or pharmacist under contract with the PBM, the PBM may only audit claims submitted or adjudicated within the two-year period immediately preceding the audit, unless a longer period is permitted under federal or State law.

A PBM must deliver the preliminary audit report to the pharmacy or pharmacist within 120 calendar days after the completion of the audit, with reasonable extensions allowed. A PBM must allow a pharmacy or pharmacist to produce documentation to address any discrepancy found during the audit and deliver the final audit within six months after delivery of the preliminary audit or within 30 days after the conclusion of the internal appeals process if the pharmacy or pharmacist requests an internal appeal.

**Small Business Effect:** Small business pharmacies and pharmacists may be granted additional time to resubmit claims under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2020  
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