

STATE OF MARYLAND

Andrew N. Pollak
CHAIR



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

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March 4, 2020

The Honorable Delores G. Kelley, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 669 – Public Health – Prescription Drug Affordability Board and Fund - SUPPORT

Dear Chair Kelley:

The Maryland Health Care Commission (MHCC) supports Senate Bill 669 (SB 669) Public Health – Prescription Drug Affordability Board and Fund.

This bill creates a permanent funding mechanism for the newly established Prescription Drug Affordability Board (PDAB), which was created by statute in 2019. SB 669 authorizes the PDAB to assess and collect an annual fee up to \$2,000,000 from: a) drug manufacturers; b) pharmacy benefits managers; c) insurance carriers; and d) wholesale drug distributors. The PDAB is directed to develop the assessment formula in a fair and equitable manner from the four industries. The proposed legislation creates a special, nonlapsing fund that will be exempt from the State Finance and Procurement § 7-302, which requires that unspent balances from a fund revert back to the General Fund at the end of a fiscal year.

MHCC has supported the Prescription Drug Affordability Board in absence of a dedicated funding stream in fiscal years 2020 and 2021. MHCC provides meeting logistics and assistance, manages procurements, and directs staff recruitment. Once permanent staff are hired, MHCC will provide funds for salaries and offices. MHCC will provide approximately \$250,000 in funding from the MHCC non-lapsing fund in fiscal year 2020 and MHCC expects to provide up to \$750,000 in funding in fiscal year 2021. SB 669 requires that the PDAB repay MHCC over a three-year period beginning in June 1, 2021.

Note: The Maryland Health Care Commission is an independent State agency. The position of the Commission may differ from the Maryland Department of Health.

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SB 669 will allow the Prescription Drug Affordability Board to be self-sustaining. MHCC recommends that the Committee report this bill favorably.

I hope you find this information useful. Please feel free to contact me at (410) 764-3566 or Ben.Steffen@maryland.gov, or Megan Renfrew, Government Affairs and Special Projects, at (410) 764-3483 or Megan.Renfrew@maryland.gov if you have any questions.

Sincerely,



Ben Steffen
Executive Director
Maryland Health Care Commission

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