



A Network Of
Independently Owned
Pharmacies

Testimony offered on behalf of:
EPIC PHARMACIES, INC.

IN OPPOSITION TO:
HB 1150 – State Health and Welfare Benefits Program –
Maryland Competitive Pharmacy Benefits Manager Marketplace Act

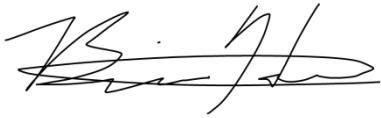
House Health and Government Operations Committee
Hearing 2/27 at 1:00PM

EPIC Pharmacies **OPPOSES HB 1150** – State Health and Welfare Benefits Program - Maryland Competitive Pharmacy Benefits Manager Marketplace Act in its current form.

As written, this bill presents a significant problem for independent pharmacies. I believe that we can all agree reducing the cost of the state employee program is a good thing for Maryland. However, as written there is no guarantee for independent or non-PBM owned pharmacies that those lower bids will not just be made possible through a greater percentage of below cost reimbursements to pharmacies. We are already seeing a dramatic increase in pharmacy closures and this will likely mean yet another decrease in payment for pharmacies who are already on the verge of closing.

EPIC would suggest that the committee work to amend the bill to demand a transparent pricing model such as National Average Drug Acquisition Cost (NADAC) plus a dispensing fee and then allow the PBMs to simply bid on their per claim administrative fees. We know from the State Medicaid MCO study conducted in 2019 how these companies ensure their own profits to the detriment of their competing pharmacies and this type of bidding process will only encourage the PBM to continue these practices. They will further reduce pharmacy reimbursements to maintain their corporate profits and allow for lower and lower bids for the state plan. We also learned from the 2019 MCO study how much money is made from the spread that these PBMs create. Removing control of the product cost and allowing them to bid on administrative per claim fees will certainly move to reduce costs while ensuring access and fair payments to those pharmacies who provide services to state employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Hose". The signature is fluid and cursive, with a horizontal line underneath it.

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