



DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary

February 25, 2020

The Honorable Shane E. Pendergrass, Chair
House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401-1991

RE: HB 905 – Prescription Drug Benefits – Use of Real-time Benefit Check Technology – Letter of Information

Dear Chair Pendergrass and Committee Members:

The Department of Health (Department) submits this letter of information regarding House Bill 905 (HB 905) – Prescription Drug Benefits – Use of Real-time Benefit Check Technology.

HB 905 would require the use of a technology at the point of prescribing or dispensing a prescription drug to a patient that provides patient-specific prescription drug benefit and cost information in real-time. HB 905 would take effect on October 1, 2020, with a deadline of January 1, 2020, to implement the real-time benefit check technological upgrades.

The Department's pharmacy vendor and the nine (9) HealthChoice managed care organizations (MCOs) do not currently have real-time benefit check technologies in place. System updates would be required at a cost of \$2 million per system. There would also be an annual operational cost of \$750,000, subject to 2% annual inflation. These costs would be incurred by all nine MCOs and subsequently passed on to the Department through the rate setting process. The fiscal impact would be \$23.6 million total funds (\$11.5 million federal funds, \$11.5 million general funds) in FY 2021, \$6.9 million total funds (\$3.4 million federal funds, \$3.4 million general funds) in FY 2022, and continue to increase in each subsequent fiscal year.

For consumers, the costs associated with filling prescriptions through Medicaid are limited. Medicaid has a \$1 copayment for adults for generic or preferred drugs and \$3 for non-preferred brand name drugs. The majority of MCOs waive these co-pays and a participant who is unable to afford the co-pay cannot be required to pay it. As a result, there is no incentive for a pharmacist to seek a lower-cost drug. Given the limited impact on the consumer, the technology may create a perverse incentive for the pharmacist to dispense a higher cost drug, if the associated dispensing fee is higher than for the low-cost drug.

The real-time benefit check technology is still a relatively new technology that is in its early market development phase and will likely not be ready to implement for MCOs by the January 1, 2021 deadline imposed by this bill. Detailed information regarding the real-time benefit check

can be accessed online at <https://www.beckershospitalreview.com/the-reality-of-real-time-benefit-check-solutions-and-the-importance-of-provider-adoption.html>.

I hope you find this material useful. If you have questions or would like additional information, please contact Webster Ye, Director, Office of Government Affairs, at (410) 260-3190 or webster.ye@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Robert R. Neall". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert R. Neall
Secretary