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Budget and Taxation Committee

Health and Human Services  
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Fair Practices and  
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**THE SENATE OF MARYLAND**  
**ANNAPOLIS, MARYLAND 21401**

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Testimony for Senate Bill 1004  
Health Insurance - Pharmacy Benefits Managers - Reimbursement Amounts  
Finance Committee  
March 22, 2022

Madame Chair Kelley and Honorable Members of the Committee:

Thank you for the opportunity to present **Senate Bill 1004 – Health Insurance - Pharmacy Benefits Managers - Reimbursement Amounts**.

Under current law, there is not a standardized cost component allowable for prescriptions that are managed by various pharmacy benefits managers. Community pharmacies across the state are experiencing a downward trend in the cost calculation used by the managed care industry, which is based on an effective rate that does not coincide with the cost of the medication. This has made it so many small pharmacies across the state are yielding a net loss for supplying medications, and they are required to fill the prescription at a loss.

Senate Bill 1004 would prohibit pharmacy benefits managers (PBM) from reimbursing a pharmacy or pharmacist for a prescription drug or pharmacy service in an amount less than the National Average Drug Acquisition Cost (NADAC) at the time the drug is administered or dispensed plus 10% of that cost. If NADAC is not available at the time a drug is administered or dispensed, a PBM may not reimburse in an amount that is less than the wholesale acquisition cost of the drug. The Insurance Commissioner may (1) require that a PBM pay a fee, to be determined by the Commissioner, in addition to the minimum reimbursement required and (2) adopt regulations to carry out the bill that include a process for periodically reviewing and recalculating the minimum reimbursement amount.

Thank you for your consideration and I respectfully ask for a favorable report of Senate Bill 1004.

Best regards,

A handwritten signature in cursive script that reads "Addie C. Eckardt".

Senator Addie C. Eckardt