



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

March 10, 2022

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

RE: HB 1006 – Pharmacy Benefits Managers – Network Adequacy, Credentialing, and Reimbursement – Letter of Information

Dear Chair Pendergrass and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information on House Bill (HB) 1006. Among other changes, HB 1006 will amend Maryland Insurance Code Ann. § 15-1628.3, which applies to managed care organizations, to allow a pharmacy to decline to dispense a prescription drug to a beneficiary if the amount reimbursed is less than the pharmacy acquisition cost for that drug.

Pursuant to 42 CFR § 447.15, and as a condition of participating as a Medicaid provider, providers must accept, as payment in full, the amounts paid by the agency. Therefore, providers that participate in Medicaid cannot deny dispensing a prescription nor can they balance bill participants for costs above the Medicaid reimbursement rate. The modifications proposed in HB 1006 directly violate this federal requirement, and thus cannot be operationalized through the Medicaid Program.

If you have any questions, please contact Heather Shek, Director of Governmental Affairs, at heather.shek@maryland.gov or (410) 260-3190.

Sincerely,

A handwritten signature in black ink that reads "Dennis R. Schrader".

Dennis R. Schrader
Secretary