



INSURANCE PROGRAMS

621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401
410-841-5414 · 800-841-8197 · Fax: 410-841-5424 · MABE.org

BILL: Senate Bill 898

TITLE: Pharmacy Benefits Managers – Definition of Carrier, ERISA, and Purchaser

DATE: February 21, 2023

POSITION: UNFAVORABLE

COMMITTEE: Finance Committee

CONTACT: Milton E. Nagel, CPA, Insurance Program Administrator

The Maryland Association of Boards of Education's Pharmacy Purchasing Collaborative, is an innovative project between MABE and Keenan Pharmacy Services, recognized as an expert in pharmacy benefit management and improvement strategies. Geared toward ensuring high-cost medications are dispensed at the lowest net cost possible for counties and school systems throughout Maryland, **the MABE Pharmacy Purchasing Collaborative can save Maryland counties and school systems an impressive 10% to 30% on their prescription drug program costs.**

The Collaborative also is unique in that it includes full-service pharmacy benefits and consulting, as well as performance guarantees. The MABE Pharmacy Purchasing Collaborative means fully disclosed pricing, active physician engagement, and clear communication about lower-priced alternatives. Strengths like these are needed more than ever by counties and school systems that are understandably mindful of budget, while also eager to incorporate not only considerable savings but greater clarity and accountability in their prescription drug-related programs.”

MABE opposes Senate Bill 898 and it's cross-filed, HB 357 as they broadly expand Maryland's regulation of pharmacy benefit managers working on behalf of the Maryland Public School Boards insurance and pharmacy purchasing collaborative.

SB 898 would open the door and allow the State to regulate health insurance plans and pharmacy benefits. SB 898 has been supported by pharmacies for the sole purpose of increasing their remuneration at the expense of employers. While MABE strongly support our local independent pharmacies by ensuring they can and do participate to serve our employees, MABE does not support imposing regulations that would remove our ability to negotiate pricing, benefits, and networks to best serve the school systems and our employees.

If passed, SB 898 would result in additional costs for our school systems and our employees. The increased costs will be borne directly by the school systems or our employees through decreased benefits or increased co-pays for prescription drugs. We conservatively estimate that this will increase costs by 5 to 7%.

Specifically, SB 898 may change current negotiated prescription purchasing plans and coverages in the following manner:

- Altering the terms and costs of mail order pharmacy dispensing;
- Increasing prescription dispensing fees;
- Eliminating protections from price gouging for specialty drugs; and
- Altering current networks

We urge this committee to take a more measured approach that considers the impact to all stakeholders and reject this legislation. If you have any questions contact me or our legislative counsel, Bill Kress.