



March 27, 2023

The Honorable Melony Griffith  
Chair, Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

RE: House Bill 357 - Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law - UNFAVORABLE

Dear Chair Griffith and Members of the Senate Finance Committee,

On behalf of the Maryland Association of Health Underwriters (MAHU), I wish to express our opposition to House Bill 357.

MAHU is a trade association comprised of several hundred licensed health insurance producers in Maryland who represent both businesses and individuals in analyzing their need for health insurance and advising clients on health insurance coverage and benefits. MAHU members have traditionally served as the representatives for small and medium-sized businesses in the negotiation of health benefit plans for the employees of those businesses.

An important part of the services provided by MAHU members is assisting employer clients in evaluating the cost of benefits and coverages. One area where both the cost and benefit design offer employers a number of options is in the area of pharmacy benefits. MAHU members typically use the services of pharmacy benefits managers (PBMs) to provide these services, and PBMs compete vigorously for this business.

Traditionally, PBMs have not been subject to State law requirements because they have operated under the federal law known as ERISA. Senate Bill 357 would remove this exemption, and subject pharmacy benefit plans to more restrictive State law requirements. This will have the effect of removing options currently available to these employers, and for that reason MAHU opposes the provisions of House Bill 357.

MAHU does not see a consumer benefit that would be achieved by the passage of this legislation. We are aware of no serious complaints by either employers or persons covered under employer-based health plans who use PBM services. For these reasons, we respectfully request an unfavorable report on House Bill 357.

Very truly yours,

A handwritten signature in black ink that reads "Jon S. Frank".

Jon S. Frank  
301-502-8522

cc: Bryson F. Popham  
Nancy Colaianne, President MAHU