



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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SENATE BILL 1021 Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers

STATEMENT OF INFORMATION

DATE: March 13, 2024

COMMITTEE: Finance

SUMMARY OF BILL: Senate Bill 1021 seeks to change the reimbursement level to retail pharmacies from average wholesale price (AWP)/maximum allowable cost (MAC) pricing to the National Average Drug Acquisition Cost (NADAC) plus a dispensing fee determined in accordance with the most recent in-state cost-of-dispensing survey.

EXPLANATION: The Department of Budget and Management's (DBM) Office of Personnel Services and Benefits, Employee Benefits Division, administers the medical and prescription drug benefits coverage for State employees, retirees, and their dependents. A change from AWP/MAC to NADAC would be a major shift in the reimbursement level for the Program. Additionally, the Program will be significantly impacted by the dispensing fee provision. The Program has negotiated dispensing fees of \$0.35 and \$0.50 per script for the active and retiree populations respectively. The State's prescription plan members filled nearly 3.7 million prescriptions in plan year 2023; 1.9 million were filled by active employees and their dependents. Provisions of Senate Bill 1021 exclude a pharmacy owned by, or under the same corporate affiliation, as a pharmacy benefits manager (PBM); or a mail order pharmacy. If enacted, 665,000 (35%) of retail prescriptions filled by active employees and their dependents would not be subject to Senate Bill 1021. However, even with these exclusions, the Program's cost for active employees is expected to increase by approximately \$30 million due to an increase in the dispensing fee (~\$12.00 per fill), in the first year of implementation. It is expected the increases will trend forward annually. Any impact to the State's current prescription drug rebates are not included in this estimate.

Given the increase in cost to the State's Program, Senate Bill 1021 would require additional funding and increased employee/retiree contributions.

**For additional information, contact Laura Vykol-Gray at
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