



**MMCOA
Board of Directors**

**Senate Bill 1021 - Pharmacy Benefits Administration - Maryland
Medical Assistance Program and Pharmacy Benefits Managers**

UNFAVORABLE

**Senate Finance Committee
March 13, 2024**

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Thank you for the opportunity to submit this testimony for Senate Bill 1021 - Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers. The Maryland Managed Care Organization Association (MMCOA), which is comprised of all nine MCOs that serve Medicaid, is committed to ensuring access to the prescription drugs and devices that our members depend on. Maryland's MCOs management of the prescription drug benefit, including costly specialty drugs, provide access to the prescription drugs needed by our members at a lower cost, allowing the State to continue to provide this valuable and necessary service.

While we applaud the sponsor's goal of supporting independent pharmacies, Senate Bill 1021 does not attempt to address prescription drug affordability but rather creates a new claims reimbursement methodology for MCOs. Pharmacy reimbursement in the Medicaid program was recently studied as a result of 2023 legislation. Indeed, Senate Bill 1021 is similar to Senate Bill 895 from the 2023 Maryland General Assembly session, which was amended to require a study of the impact of changing the methodology the MCOs used to pay pharmacy claims.

Conclusions from that study show that if MCOs used the same payment methodology for pharmacy claims as the FFS model for both ingredient and dispensing fee the fiscal impact to the Medicaid program would have been approximately \$78.3 million in total funds in CY 2022. Additionally, the study highlighted the relative stability of pharmacy openings and closing in the state – showing more openings of pharmacies than closings. Lastly, the bill would increase reimbursement to the large national chain pharmacies, potentially undermining the goal of supporting independent and rural pharmacies in the state.

Senate Bill 1021 would increase costs for the state and limit the MCO's ability to work with their PBMs on providing affordable access to prescription drugs in the HealthChoice program. We respectfully urge an unfavorable report on Senate Bill 1021.

Please contact Joe Winn, Executive Director of MMCOA, with any questions regarding this testimony at jwinn@marylandmco.org.