



The Honorable Chairperson, Pamela Beidle
Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

March 13, 2024

Re: Support for Maryland SB 1019

Dear Chairperson Beidle, Vice Chairperson Klausmeier, and Members of the Senate Finance Committee:

On behalf of the Alliance for Transparent and Affordable Prescriptions (ATAP), a coalition of twenty-five patient and provider groups, I am writing to express our support for **Maryland SB 1019** and ask that the committee advance this legislation. **SB 1019** seeks to ensure that patients do not pay inflated costs for their prescriptions by increasing transparency and accountability for Pharmacy Benefit Managers (PBMs).

ATAP is concerned about the role PBMs play regarding the alarming price increases in the total cost and out-of-pocket costs of prescription drugs for patients, resulting in the loss of patient access to affordable and life-saving medications. As you may be aware, PBMs are third-party entities that are hired by insurers and health plan sponsors to manage and administer prescription drug benefit plans. Using their intermediary position, Pharmacy Benefit Managers (PBMs):

- Negotiate rebates and discounts with pharmaceutical manufacturers in exchange for including the manufacturer's drug on the PBMs tiered formulary.
- Determine which patient medication the PBM will cover and how much the patient will pay for their medication per the tiered formularies.
- Negotiate rebates and discounts for medications, meant to drive down the cost of medications for patients, which are pocketed by the PBMs within opaque contracts.
- Prohibit pharmacists from informing patients that the copayment amount for their medications may be higher than paying the retail ("cash") price for their medication.

SB 1019 seeks to remedy these practices by requiring that 85 percent of rebates received by PBMs are passed through to patients. These reforms are an important effort to contain drug prices and discourage abuses by PBMs. ATAP would also encourage the committee to increase ATAP would also encourage the committee to consider amending the language to require that 100 percent of rebates to be passed through—which would ensure patients are even better able to afford their prescription medications at the pharmacy counter.

ATAP is happy to be a resource as the committee considers **SB 1019**. If you have any questions about our position, or if you would simply like to learn more about how PBMs operate in the marketplace, please contact: Eleni Valanos at evalanos@hhs.com.

Sincerely,

Robert W. Levin, MD



President, Alliance for Transparent and Affordable Prescriptions (ATAP)