



Healthcare Distribution Alliance

HEALTH DELIVERED

February 7, 2024

Senator Pamela Beidle, Chair
Senator Katherine Klausmeier, Vice Chair
Maryland Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

HDA Testimony Opposing S.B. 388

Dear Chair Beidle, Vice Chair Klausmeier, and Honorable Members of the Committee:

The Healthcare Distribution Alliance (HDA) offers this letter to share some supply chain concerns with the committee regarding **Senate Bill 388, PDAB UPL Authority**.

HDA is the national trade association representing healthcare wholesale distributors — the vital link between the nation’s pharmaceutical and healthcare manufacturers and more than 330,000 pharmacies, hospitals, and other healthcare settings nationwide. Wholesale distributors work around the clock to ship nearly 10 million pharmaceutical products to pharmacies, hospitals, and other healthcare providers daily to keep their shelves stocked with the medications and products they need to treat and serve patients. In Maryland, our members serve over 4,600 such sites of care. Wholesale distributors are primarily responsible for the physical handling and logistics of medicines and healthcare products, and have no role in setting list prices (WAC), nor they do determine the amount patients pay for medicines, which medicines are included on formularies, benefit design decisions, or reimbursement rates for dispensing pharmacies.

While HDA understands and supports the intent of the bill to address the prices that consumers see at the pharmacy counter, we have concerns regarding expanding the PDAB’s upper payment limit (UPL) authority. State-level UPLs do not adequately reflect how prescription drugs are bought and paid for in the U.S., which are bought and sold at the national level. Improperly applied, rather than addressing the cost of drugs, UPLs can disrupt patient access to products. This is exemplified by the fact that the Colorado PDAB’s first attempt to establish a UPL was abandoned due to the patient community expressing their concerns over the inability to access the product.

Given the concerns a state-level UPL create, HDA believes it would be best for the stability of the supply chain if the Board’s current work be completed, fully realized, and evaluated before any legislation to expand the UPL authority or funding is passed. For these reasons, **HDA does oppose S.B. 388 at this time**. Please contact me at kmemphis@hda.org if you have any questions.

Sincerely,

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance