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Finance Committee



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THE SENATE OF MARYLAND  
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**Testimony in support of SB-1021 Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers**

There is a looming threat of mass pharmacy closures hanging over our state this year. Pharmacy chains and independent stores report that they risk being unable to pay their bills because of the current structure of Medicaid. They are required to supply those under the program with their prescriptions but are not getting properly reimbursed by the state for their services.

The current rate is 40 to 50 cents per prescription, when all fees and labor costs are considered, it should be closer to 10 dollars per prescription. This amounts to a \$72 million loss every year to our pharmacies, putting them in a precarious economic position.

This bill looks to amend the course that we have taken and establish proper reimbursement rates that can avoid these mass closures. This is of the utmost importance to our state because of where closings would cluster. Our rural communities are in the highest danger of having pharmacy deserts since they serve a small population and can rarely upset the cost through other revenue services. Furthermore, our Black and brown communities are also in danger, as Baltimore City already sees no pharmacies in a 3-mile radius in many of their neighborhoods.

The state has created inefficiency in the market by its actions of eliminating spread pricing and mandating service, and now it is time to correct this mistake. 27 independent or chain pharmacies have closed in the past ten years, and this bill can stop the bleeding. 32% of pharmacies have considered closing on a nationwide level, and 98% are considering leaving Medicaid. I believe this bill would prevent that from happening.

For these reasons, I respectfully request a favorable committee report on SB 1021.