



February 7, 2024

Testimony on Senate Bill 388
Lowering Prescription Drug Costs for All Marylanders Act of 2024
Senate Finance Committee

Position: Favorable

With our nearly 2,000 members, Maryland Nonprofits as the only association advocating for the 40,000 nonprofit organizations in Maryland, strongly supports Senate Bill 388, the Lowering Prescription Drug Costs for All Marylanders Act of 2024, that promises transformative change in Maryland's healthcare landscape.

According to the latest Bureau of Labor Statistics research, nonprofit organizations in Maryland employ nearly 13% of all non-governmental workers in our state. The 2021 Maryland Nonprofits Salary and Benefits Survey revealed:

- Approximately 65% of nonprofits offer health insurance to their employees
- 23% of nonprofits offering health insurance to employees cover 100% of insurance costs
- 47% of nonprofits extend coverage to their employees' families

Maryland's nonprofit sector is dedicated to providing quality healthcare benefits as part of their employee compensation packages. However, the relentless and unpredictable ascent of prescription drug costs has cast a long shadow over our financial stability through rising health insurance premiums. Escalating drug expenses compel nonprofits to allocate an ever-growing portion of our budgets to cover healthcare costs, offer competitive benefits and safeguard the well-being of our committed workforce. This, in turn, diminishes the resources available for our core missions and other critical programs that serve our communities.

The impact of this legislation extends far beyond the balance sheets of nonprofit organizations. At the heart of this issue lies the well-being of nonprofit employees—the tireless champions of their organizations' missions. Affordable access to prescription medications is not a mere luxury; it is a fundamental pillar supporting the health and well-being of these dedicated individuals. When prescription drug costs soar, nonprofit employees often find themselves grappling with the daunting challenge of affording necessary medications. This financial strain not only jeopardizes their health but also gives rise to increased absenteeism and decreased productivity, ultimately affecting the nonprofit's operations and its ability to fulfill its mission effectively.

The Lowering Prescription Drug Costs for All Marylanders Act of 2024 offers a promising solution by empowering the Prescription Drug Affordability Board to establish upper payment limits for all Marylanders on prescription drugs that are deemed unaffordable, taking into account various associated



costs. It also addresses funding mechanisms for the Board and modifies relevant sections of Maryland's Annotated Code to support these efforts. Importantly, the bill exempts drugs listed on the FDA's shortage list from these limits to prevent potential shortages. To ensure accountability and approval, the implementation of these upper payment limits requires the support of key stakeholders, including the Legislative Policy Committee, the Governor, and the Attorney General. Additionally, the bill proposes a new framework for levying annual fees on entities in the drug supply chain, with the generated revenues contributing to the Prescription Drug Affordability Fund.

Senate Bill 388 holds the potential to bring transformative change to Maryland's healthcare landscape, offering essential relief to nonprofit employers, employees, and all residents facing the burden of high prescription drug costs. By supporting this legislation, we can collectively work towards a healthier, more equitable future for all Marylanders.

We urge a favorable report on Senate Bill 388.



30 YEARS STRENGTHENING ORGANIZATIONS FOR GREATER QUALITY OF LIFE AND EQUITY

