



February 27, 2024

The Honorable Joseline A. Pena-Melnyk
Chair, House Health and Government Operations Committee
Room 241, House Office Building
Annapolis, Maryland 21401

RE: House Bill 726 - Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law - UNFAVORABLE

Dear Chair Pena-Melnyk and Members of the Committee,

On behalf of the National Association of Benefits Insurance Professionals of Maryland (NABIP MD), I wish to express our opposition to House Bill 726.

NABIP MD (formerly Maryland Association of Health Underwriters - MAHU) is a trade association comprised of several hundred licensed health insurance producers in Maryland who represent both businesses and individuals in analyzing their need for health insurance and advising clients on health insurance coverage and benefits. NABIP MD members have traditionally served as the representatives for small and medium-sized businesses in the negotiation of health benefit plans for the employees of those businesses.

As we have testified in the past, an important part of the services provided by NABIP MD members is assisting employer clients in evaluating the cost of benefits and coverages. One area where both the cost and benefit design offer employers a number of options is in the area of pharmacy benefits. NABIP MD members typically use the services of pharmacy benefits managers (PBMs) to provide these services, and PBMs compete vigorously for this business.

Traditionally, PBMs have not been subject to State law requirements because they have operated under the federal law known as ERISA. House Bill 726 would remove this exemption, and subject pharmacy benefit plans to more restrictive State law requirements. This will have the effect of removing options currently available to these employers, and for that reason NABIP MD opposes the provisions of House Bill 726.

NABIP MD does not see a consumer benefit that would be achieved by the passage of this legislation. We are aware of no serious complaints by either employers or persons covered under employer-based health plans who use PBM services. For these reasons, we respectfully request an unfavorable report on House Bill 726.

Very truly yours,

A handwritten signature in black ink that reads "Jon S. Frank". The signature is written in a cursive, flowing style.

Jon Frank
Legislative Committee Chair, NABIP MD

cc: Nancy Colaianne, President, NABIP MD
Bryson F. Popham