Chair Joseline Pena-Melnyk
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

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

Dear Chair Pena-Melnyk,

I am writing to express our strong opposition to House Bill 726 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law. As a coalition of Maryland employers, unions, and healthcare advocates, we view this bill as a direct threat to Maryland employers' ability to provide affordable and accessible healthcare to their employees and families. We oppose HB 726 because it will increase costs throughout the healthcare supply chain, disproportionately impacting both employees reliant on employer-sponsored healthcare and the dedicated employers supporting them.

It's important to understand that HB 726 guts key provisions of the Employee Retirement Income Security Act of 1974 (ERISA) that Maryland employers and their employees rely on to provide affordable and accessible healthcare. For more than 50 years, self-insured employer-sponsored healthcare (a popular healthcare structure for Maryland employers, local governments, schools, and unions) has been governed by ERISA. This federal law provides uniform regulations and protections for employees and employers sponsoring their healthcare. This uniform set of standards allows Maryland businesses, local governments, unions, and schools to provide affordable and accessible healthcare and prescription drugs to their employees. By bearing the insurance risk of the plan, ERISA also grants them the broad authority to structure the plan in a way that balances the specific needs and subsequent costs of their plan's population. Without the ability to balance as we need, we no longer have a reason to take the risk of insuring the plan ourselves.

A total of 56 percent of Marylanders are covered by employer-sponsored healthcare plans, with many of them being self-funded. HB 726 hurts Marylanders and their employers who are committed to providing accessible and affordable healthcare plans. In reality, this legislation only benefits certain special interest retail pharmacy entities looking to boost their profits at the expense of the rest of the Maryland families and employers in both the public and private sectors.

The policy changes introduced by this bill could result in increased costs, affecting co-pays, and co-insurance rates, and exacerbating already high prescription drug prices. If passed, this bill increases healthcare costs that could run into the billions of dollars over the next decade. We need to protect the majority of Marylanders who rely on employer-sponsored healthcare.

This legislation not only targets employees and employers in the private sector but will also hurt our public servants in local government institutions and unionized workers. If HB 726 passes, healthcare costs will significantly increase for unionized construction workers, educators, police officers, and many other civil servants.

The bottom line is that if HB 726 passes, Maryland lawmakers will be responsible for increasing healthcare costs for Maryland employers, employees, and our state's public servants, and undermines the basis of employer-sponsored healthcare.

We admire your previous record of advancing healthcare policies that benefit Maryland workers and their families. Therefore, we respectfully ask you to **vote no** on HB 726 so we can safeguard Maryland's employees seeking healthcare benefits and support those employers striving to offer them.

Respectively,

Elizabeth Chung, Executive Director
Asian American Center of Frederick