House Bill 321

Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

MACo Position: **OPPOSE**

To: Finance Committee

Date: March 27, 2025

From: Karrington Anderson

The Maryland Association of Counties (MACo) **OPPOSES** HB 321. This bill seeks to limit the tools Pharmacy Benefits Managers (PBMs) can use to negotiate pharmaceutical prices on behalf of their clients, including county governments. Doing so would significantly disrupt counties' ability to provide county staff with the best and most fiscally responsible benefits for their public service. HB 321 requires the Maryland Insurance Administration to convene a workgroup to review and make recommendations on provisions of State law regarding pharmacy benefits managers.

HB 321 would impose several harmful limitations, including restricting the design of benefits plans, inhibiting management of vendor contracts, and undermining employers' ability to create necessary checks and balances to protect staff and their financial contributions to benefits plans. In practice, HB 321 would substantially reduce, if not eliminate, PBMs' ability to use cost-saving tools critical to negotiating fair and competitive prescription drug prices for counties and their employees, such as requiring 90-day supplies of certain medications or mandating mail orders for specific prescriptions.

Counties employ and fund thousands of workers statewide, including county staff, first responders, correctional employees, and school personnel. Providing comprehensive and affordable benefits to these employees is a key priority for local governments. Counties achieve this through a rigorous process of negotiations, consultants, benefit managers, and Requests for Proposals. The State has not played a role in this process and should not begin to do so, as it is most effective and efficient as a local process. HB 321 would disrupt that process, with detrimental financial effects on counties and the public servants they employ.

Ultimately, HB 321 would hinder counties' ability to offer comprehensive health benefits and lead to increased co-pays and overall plan costs for county staff, who are Marylanders serving their communities. While local governments often cannot match private-sector salaries, they compensate with excellent benefits at low or no cost. By undermining PBMs' ability to negotiate fair prices on behalf of employers, HB 321 would jeopardize counties' ability to maintain these critical and competitive benefits.

For these reasons, MACo **OPPOSES** HB 321 and urges an **UNFAVORABLE** report.