

**HB813 Maryland Insurance Administration and Maryland Department of Health -  
Workgroup to Study Pharmacy Benefits Managers  
Finance Committee  
March 26, 2025**

**Position:** Favorable

**Background:** HB813 as amended would establish a workgroup to study strategies for implementing reform for pharmacy benefits manager (PBM) activities, including adopting pharmacy reimbursement parity and drug pricing transparency.

**Comments:** The Maryland Association of Chain Drug Stores (MACDS) strongly supports **HB813 Maryland Insurance Administration and Maryland Department of Health - Workgroup to Study Pharmacy Benefits Managers** as amended. The bill would establish a workgroup to study strategies and methods used in other states to reform pharmacy benefits managers (PBM) practices and achieve pharmacy reimbursement parity and drug pricing transparency while saving taxpayer dollars for Medicaid medication costs.

MACDS has consistently supported legislation to increase pharmacy reimbursement rates in Maryland and address the growing issue of pharmacy closures as the state has experienced a net 2% decrease in pharmacy locations per year over the last two fiscal years, including the closure of 37 chain locations between 2023 and 2024. These closures are due in large part to the inadequate dispensing fees negotiated by PBMs; for example, the Maryland Department of Budget and Management is currently issuing dispensing fees of \$0.35 and \$0.50 per prescription for the State Employee and Retiree Health and Welfare Benefits Program. The State Medicaid Managed Care Organizations (MCOs) paid an average dispensing fee of \$0.67 per prescription to pharmacists in 2021 and \$0.59 per prescription in 2022. A study conducted by the Maryland Department of Health as mandated by [HB382](#) in 2023 found that if Medicaid had been required to issue a dispensing fee for MCO medications based on the National Average Drug Acquisition Cost (NADAC) in 2021 and 2022, without undertaking any reform of PBM activities that artificially inflate the price of drugs and increase operational costs for pharmacies, it would have cost the State over \$78 million – which, read another way, is the dollar amount which the State underpaid pharmacists for dispensing prescriptions to Medicaid MCO patients.

Recognizing the difficult position faced by the State and the need to achieve a balanced budget, MACDS and our partners across the pharmacy community have continued to advocate for legislation which would establish adequate dispensing fees for pharmacies treating Medicaid patients in Maryland while, at the same time, promoting PBM reform to offset the associated cost of paying these reasonable fees to pharmacists. Other states across the country have implemented policies such as carving out pharmacy

benefits from MCOs and mandating pass-through pricing for MCOs, and have saved tens-to-hundreds of millions of dollars while also paying appropriate dispensing fees to pharmacists. The workgroup proposed by the amendments to HB813 would explore these and other options in an effort to implement reforms that both save taxpayer dollars and apply desperately-needed increases to pharmacist dispensing fees.

The legislature considers bills every year to increase the State minimum wage and expand leave options and other benefits for employees, but this body has not passed legislation to implement additional reform around PBM activity. While operating costs for labor increase, the pharmacy community continues to be left behind, consistently dispensing medications at a loss due to insurance and reimbursement policies outside of our control. We applaud and support the efforts of the body to pursue alternative policy strategies through the passage of HB813 as amended, and respectfully urge a favorable report from the Committee. Thank you for your consideration.