



March 25, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and
Alteration of Application of Law – Unfavorable

Dear Chairwoman Beidle and Members of the Committee:

LGIT Health, a self-funded health benefits cooperative comprised exclusively of local governments from Maryland, **OPPOSES** HB 321. Twenty-four of Maryland's local governments, including towns, cities, and one county, belong to LGIT Health. HB 321 undermines the ability of LGIT Health and its member local governments to provide the low or no cost health benefits to their employees – hurting both local governments and their employees.

ERISA-based plans have been the cornerstone of local government healthcare plans for more than fifty (50) years. They have provided uniform regulations, cost-saving measures, and flexibility in benefit design for the needs of local governments and their employees. The state has never played a role in this process and should not begin to do so now. These plans work most effectively and efficiently as a local process. This legislation will undoubtedly disrupt the ability of Maryland's local governments, including those belonging to LGIT Health, to provide their workforces with the best and most fiscally responsible benefits for their public service. If enacted, the policy changes from this bill will increase costs and diminish coverage options for hard-working public servants.

The bill seeks to dramatically change the landscape regarding the use of Pharmacy Benefit Managers (PBMs). It will limit the tools available to PBMs to negotiate favorable pharmaceutical prices that help keep costs down for local governments and their employees. The legislation seeks to restrict the design of pharmacy benefit plans and inhibits the management of contracts. This level of control is unnecessary and detrimental.

For these reasons, LGIT Health opposes HB 321 and urges an unfavorable report.

Sincerely,

A blue ink signature of Matthew D. Peter, written in a cursive style.

Matthew D. Peter
Executive Director