# 2025-03-27 HB 321 ERISA EPIC Testimony.pdf
Uploaded by: Caitlin McDonough
Position: FAV

**IN SUPPORT OF:**
**HB 321 – Pharmacy Benefits Managers – Definitions of Purchaser and Alteration of Application of Law.**
Finance Committee
Hearing 3/27 at 1:00 PM

Independent pharmacies **SUPPORTS HB 321** – Definitions of Purchaser and Alteration of Application of Law.

We have been dealing with the repercussions of federal ERISA laws in Maryland as they related to PBMs for many years. The State and this committee have always taken the PBM assumption that their unscrupulous business practices were protected by ERISA laws as fact. Finally, federal cases have made their way through the court system and in 2020, the Supreme Court decided to hear Rutledge v. PCMA. This case was brought by the Arkansas Attorney General in defense of a 2015 law that regulates PBMs and mandates fair payments for all insurance plans they represent. In December of 2020, the court unanimously ruled on behalf of Rutledge and Arkansas. After that decision, we worked with the General Assembly in 2021 to remove any mention or implication that ERISA preempted PBM legislation from MD law but were discouraged by the committee's reluctance to broadly apply the ruling, choosing to only target reimbursement. Since 2021, it has become clear in an opinion from the Maryland Attorney General and a report from the Maryland Insurance Administration that the ruling most certainly should apply to all types of PBM regulation. HB 321 will clean up the MD statute and expand the regulation of PBMs to all plans and all sections of the law.

You will continue to hear from PCMA that this is not settled law, but in November of 2021, the 8th Circuit Court further upheld the Supreme Court ruling in the North Dakota case of PCMA v. Wehbi. This ruling went even further in rebuking the claims that PBMs cannot be regulated by allowing North Dakota's law to apply to Medicare Part D plans as well. The clear message from these decisions is that State Legislatures like this one, can most certainly regulate the actions of PBMs. No matter what you may hear from PCMA today or going forward, this issue of ERISA preemption has been settled, and they can no longer hide behind an almost 50 year old law.

In this Committee, for as long as we can remember, we fought the efforts of PCMA to limit any State law regulating PBMs to a very small percentage of plans. The Supreme Court eliminated the ERISA excuse from this argument and has indicated that all PBM plans are subject to regulation by State Legislatures and committees such as this one. HB 321 will allow the State to enforce all current PBM laws in a way that more uniformly regulates the industry and allows for a more level playing field.  This will ultimately benefit patients in Maryland.

I thank the committee for all the work they have done working through PBM legislation in the past and respectfully ask your support for HB 321.

Sincerely,

Brian M. Hose, PharmD
Owner
Sharpsburg Pharmacy
301-432-7223
brian.hose@gmail.com

**HB 321 ERISA SW EPIC Testimony in Support.pdf**
Uploaded by: Caitlin McDonough
Position: FAV

Testimony offered on behalf of:

**EPIC PHARMACIES, INC.**

**IN SUPPORT OF:**
**HB 321 – Pharmacy Benefits Managers – Definitions of Purchaser and Alteration of Application of Law.**
Finance Committee
Hearing 3/27/25 at 1:00 PM

EPIC Pharmacies, Inc. **SUPPORTS HB 321** – Definitions of Purchaser and Alteration of Application of Law.

If we leave the attorneys and other smart people to debate about Supreme Court and circuit court decisions, let us look at exactly which parts of the insurance code we are expanding to include previously defined ERISA entities, and really examine whether these already reasonable compromised pieces of legislation will really raise prices on employers and their beneficiaries. The specific insurance articles that are affected and a brief summary of those sections are as follows:

- 15-1601: Definitions only: Should have no financial impact on anyone.
- **15-1611: Transparency section allowing a pharmacist to share the retail price of a prescription as compared to the copay cost share defined by a PBM**. This section was enacted because of payers, specifically like Cigna with Baltimore County employees, that would mandate the pharmacy charge a very high copay (higher than the pharmacies traditional retail price), and the PBM would capture most of that copay back. The PBM was surreptitiously collecting money from the patient by way of claw backs from the pharmacy. This is different from DIR/GERs which are also prohibited.
- **15-1611.1: Prevents a PBM from self-dealing and restricting patients to only use a chain or mail order pharmacy that is part of the same corporation or company as the PBM.**
- **15-1612: Prevents a PBM from reimbursing other pharmacies less than it reimburses its own pharmacies (pharmacies owned by the same corporation as the PBM). Specialty and mail order drugs are excluded. A PBM can still game the system on those claims.**
- 15-1613: Pharmacy and Therapeutics Committee incomplete sentence. It's almost as if this section was started and never finished. Regardless, this section should not have any effect on cost for employers or patients.
- 15-1622: **15-1623, 15-1624**: **These sections are protections for the employer and payer that provide detailed rebate transparency** whereby the PBM must share PBM

revenue information regarding rebates they received from manufacturers and pharmacies with the payer or employer. These insurance article sections are referenced in this bill but not shown. I have included these sections at the end of my testimony.

- **15-1629: Common sense pharmacy audit rules** that took years of negotiation and compromise. These pharmacy audit rules do not protect pharmacies as a result of probable or potential pharmacy fraud. The PBMs have never claimed that these audit rules have ever prevented them from performing comprehensive and reasonable audits in Maryland. Furthermore, PBMs claim that pharmacy audits are a learning and educational tool for their pharmacy network. They have always denied that they use pharmacy audits as a money grab. If that is indeed true, expanding this section to formerly ERISA plans should have no financial consequence to employers or patients.

EPIC Pharmacies thanks the sponsor, Delegate Kipke and respectfully requests the Committee's **FAVORABLE SUPPORT FOR HB321 this year.**

Should the Committee require any additional information, please contact me or Caitlin McDonough, caitlin.mcdonough@mdlobbyist.com or 410-366-1500.

Respectfully,

Stephen Wienner, Pharmacist

**Steve Wienner, RPh**
**EPIC Legislative Committee**
**Mt. Vernon Pharmacy and Mt. Vernon Pharmacy at Fallsway**
**mtvernonpharmacy@gmail.com – 410-207-3052**

**Maryland Code, Insurance § 15-1623 Current as of December 31, 2021 | Updated by FindLaw Staff (https://www.findlaw.com/company/our-team.html)**

(a) Before entering into a contract with a purchaser, a pharmacy benefits manager: (1) as applicable, shall inform the purchaser that the pharmacy benefits manager may:
i solicit and receive manufacturer payments;
(i) pass through or retain the manufacturer payments depending on the contract terms with a purchaser; (i) sel aggregate utilization information; and (iv) share aggregate utilization information with other entities; and
(2) shall offer to provide to the purchaser a report that contains the:
(i) net revenue of the pharmacy benefits manager from sales of prescription drugs to purchasers made through the pharmacy benefits manager's network of contractualy affiliated retail pharmacies or through hte pharmacy benefits manager's mail order pharmacies, with respect ot the pharmacy benefits manager's entire client base of purchasers; and
(i) amount of al manufacturer payments earned by the pharmacy benefits manager.
(b)(1) fI a purchaser requests the information described ni subsection (a)(2) of this section, a pharmacy benefits manager shal provide the information before entering into a contract with the purchaser.
(2) Notwithstanding the provisions of paragraph (1) of this subsection, fi a pharmacy benefits manager requires a nondisclosure agreement under which a purchaser agrees that the information described ni subsection (a)(2) of this section si proprietary information, the pharmacy benefits manager may not be required ot provide the information until the purchaser has signed the nondisclosure agreement.

**Maryland Code, Insurance § 15-1624**

(a) If a purchaser has a rebate sharing contract, a pharmacy benefits manager shall offer to provide the purchaser a report for each fiscal quarter and each fiscal year that contains the amount of the:

(1) net revenue of the pharmacy benefits manager from sales of prescription drugs to purchasers made through the pharmacy benefits manager's network of contractually affiliated retail pharmacies or through the pharmacy benefits manager's mail order pharmacies, with respect to the pharmacy benefits manager's entire client base of purchasers;

(2) total prescription drug expenditures applicable to the purchaser;

(3) total manufacturer payments earned by the pharmacy benefits manager during the applicable reporting period; and

(4) total rebates applicable to the purchaser during the applicable reporting period.

(b) If the exact amount of each item to be reported under subsection (a) of this section is not known by the pharmacy benefits manager at the time of its report, the pharmacy benefits manager shall offer to provide:

(1) its current best estimate of the amount of each item; and

(2) an updated report containing the exact amount of each item immediately after it becomes available.

(c)(1) A pharmacy benefits manager shall provide the information described in subsections (a) and (b) of this section if requested by the purchaser.

https://codes.findlaw.com/md/insurance/md-code-insurance-sect-15-1624/ Page 1 of 2

Maryland Code, Insurance § 15-1624 | FindLaw 2/21/24, 11:41 PM

(2) Notwithstanding the provisions of paragraph (1) of this subsection, if a pharmacy benefits manager requires a nondisclosure agreement under which a purchaser agrees that the information in subsections (a) and (b) of this section is proprietary information, the pharmacy benefits manager may not be required to provide the information until the purchaser has signed the nondisclosure agreement.

Cite this article: FindLaw.com - Maryland Code, Insurance § 15-1624 - last updated December 31, 2021 | https://codes.findlaw.com/md/insurance/md- code-insurance-sect-15-1624/

**HB321 PBM LOS Crossover .pdf**
Uploaded by: Irnise Williams
Position: FAV

**CAROLYN A. QUATTROCKI**
*Chief Deputy Attorney General*

**LEONARD J. HOWIE III**
*Deputy Attorney General*

**CARRIE J. WILLIAMS**
*Deputy Attorney General*

**SHARON S. MERRIWEATHER**
*Deputy Attorney General*

**ZENITA WICKHAM HURLEY**
*Chief, Equity, Policy, and Engagement*

**STATE OF MARYLAND**
**OFFICE OF THE ATTORNEY GENERAL**
**CONSUMER PROTECTION DIVISION**
**HEALTH EDUCATION AND ADVOCACY UNIT**

**ANTHONY G. BROWN**
*Attorney General*

**WILLIAM D. GRUHN**
*Division Chief*

**KIMBERLY S. CAMMARATA**
*Unit Director*

**PETER V. BERNS**
*General Counsel*

**CHRISTIAN E. BARRERA**
*Chief Operating Officer*

**IRNISE WILLIAMS**
*Deputy Unit Director*

March 21, 2025

TO: The Honorable Pamela Beidle, Chair
Senate Finance Committee

FROM: Irnise F. Williams, Deputy Director, Health Education and Advocacy Unit

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

The Office of the Attorney General's Health Education and Advocacy Unit (HEAU) supports House Bill 321, which expands the protection afforded consumers and independent pharmacies, by extending certain protections afforded under section 15-1600, et seq. of the Insurance Article to include Pharmacy Benefit Managers (PBMs) that serve Employee Retirement Income Security Act (ERISA) plans. Expanding protections to include PBMs that serve ERISA plans aligns with a recent Supreme Court ruling that found that ERISA did not preempt Arkansas's law regulating PBMs in *Rutledge v. Pharmaceutical Care Management Association*. This Supreme Court decision prompted the MIA to study Maryland's laws to see if additional protections may be warranted. As a result of that study, the MIA concluded that there would be no ERISA preemption of the statutory requirements identified in this bill because the PBM provisions do not relate to "who" receives benefits or "what" benefits are received, in keeping with the decision in *Rutledge.*

This legislation expands the protections the General Assembly has provided for pharmacy benefits including rising costs, limited formularies, and nontransparent pricing structures. For example, the bill would not allow a PBM (1) to prohibit a pharmacy or pharmacist from telling consumers the retail price of a prescription drug or that a more affordable drug is available, (2) to require a consumer to use a specific pharmacy if the PBM has an ownership interest in the pharmacy, or (3) to reimburse a pharmacy in an amount that is lower than the amount that it would reimburse itself or an affiliate. Over the years the General Assembly has passed numerous protections to quell the actions of PBMs profiting at the expense of patients and independent pharmacies. See newly released FTC Report criticizing PBMs. This bill adds an essential tool to Maryland's toolbox to apply those protections more broadly.

We urge a favorable report.

**IPMD HB 321 Support Testimony.pdf**
Uploaded by: Michael Paddy
Position: FAV

**Committee:** **House Health and Government Operations Committee**

**Bill Number:** **House Bill 321 – Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law**

**Hearing Date:** **March 27,2025**

**Position:** **Support**

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The Independent Pharmacies of Maryland (IPMD) support *House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law.* This bill alters the definition of "purchaser" to include an insurer, nonprofit health service plan, or health maintenance organization (HMO), with one exception, for purposes of State law governing pharmacy benefits managers (PBMs). The bill generally applies provisions of law governing PBMs to all entities providing prescription drug coverage or benefits in the State. As a reminder, this bill successfully passed out of the House Health and Government Operations Committee unanimously this session, with every present member signing on as a co-sponsor of the bill and passed unanimously out of the House of Delegates.

Passage of this bill is important to independent pharmacies, as it will finally require ERISA PBMs to: (1) eliminate gag clauses, where PBMs prohibit pharmacies from giving information on the costs of drugs to consumers which could save consumers money; (2) allow choice of a pharmacy by the consumer instead of allowing PBM pharmacies to require consumers to use PBM affiliated pharmacies; (3) equalize reimbursement between independent and PBM affiliated pharmacies; (4) put reasonable pharmacy audit rules in place; (5) require certain disclosures to purchasers that offer drug plans in the state; and (6) mandate an internal PBM review process for pharmacies to challenge unpaid claims by PBMs.

Additionally, similar bills have passed throughout the country, most recently in New York and Florida. Ultimately, this bill will eliminate the carve-outs given to PBMs previously and apply provisions of the Insurance Article equally to all PBMs operating in Maryland. This bill will help the independent community pharmacies throughout MD be treated more fairly by PBMs, and help them survive from the predatory practices of PBMs.

We request a favorable report on House Bill 321. If we can provide any further information, please contact Michael Paddy at mpaddy@policypartners.net.

**HB 321 - MML - UNF.pdf**
Uploaded by: Bill Jorch
Position: UNF

Maryland Municipal League
*The Association of Maryland's Cities and Towns*

# TESTIMONY

March 27, 2025

**Committee:** Senate Finance Committee

**Bill**: HB 321 - Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law

**Position:** Unfavorable

**Reason for Position:**

The Maryland Municipal League opposes HB 321, which effectively limits the tools Pharmacy Benefits Managers (PBMs) can use to negotiate pharmaceutical prices on behalf of their clients, including local governments.

By restricting the ability to design all aspects of benefits plans, to have full management over contracting with vendors to provide benefits, and to create the checks and balances employers deem necessary to protect staff and their financial contributions to the plan, this legislation increases the cost of co-pays and overall plans, infringing on an employer's ability to offer affordable benefits.

Our 157 towns and cities employ over 23,000 Maryland residents across the State. Most municipalities cannot afford to pay the salaries offered in the private sector; providing comprehensive and affordable benefits is one of the few tools they have to attract and retain staff and thereby provide quality services to our residents. Increasing the cost of providing those benefits will be detrimental to our members and their employees.

For these reasons, the Maryland Municipal League respectfully requests an unfavorable report on House Bill 321. For more information, please contact Bill Jorch, Director, Public Policy and Research at billj@mdmunicipal.org. Thank you for your consideration.

# 2025-03-25 HB321 Opposition - Allegany County.pdf
Uploaded by: Brad Rifkin
Position: UNF

ALLEGANY COUNTY
Board of County Commissioners

David J. Caporale, President
William R. Atkinson, Commissioner
Creade V. Brodie, Jr., Commissioner
Jason M. Bennett, CPA, Administrator
T. Lee Beeman, Esq, Attorney

**LEGISLATIVE POSITION: UNFAVORABLE**

**OPPOSE** House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

Written Testimony of Allegany County Board of Commissioners
Prepared for the Senate Finance Committee

March 25, 2025

Dear Chair Beidle and Members of the Committee:

The Allegany County Commissioners strongly oppose House Bill 321 because of its detrimental effect on our ability to provide affordable and accessible healthcare to our government employees through our ERISA self-funded plans.

Local governments are already facing unprecedented challenges, including federal and state budget cuts, falling revenues, and increased costs. The sweeping policy changes that HB 321 would bring to our ERISA plan will only make a bad situation worse for local governments across Maryland. If enacted, the policy changes from this bill will increase our costs dramatically and diminish coverage options for our hard-working public servants.

ERISA-based plans have been the cornerstone of local government healthcare plans for over 50 years. They have provided uniform regulations, cost-saving measures, and flexibility in benefit design for the needs of our public workforce. 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 our ability to provide our government workforce with the best and most fiscally responsible benefits for their public service.

While local governments like ours often cannot match private-sector salaries, our ability to provide excellent benefits to our workforce is a significant factor in attracting quality public servants. Undermining ERISA plans will also undermine our ability to recruit the best public workforce. The bottom line is that if HB 321 passes, Maryland lawmakers will be responsible for dramatically increasing healthcare costs for local governments across the state. As we face historic fiscal pressures, let's not add another unnecessary cost to local governments.

Therefore, the Allegany County Commissioners urge an unfavorable report on HB 321. Thank you for your time and consideration of this letter of opposition. If you have any questions, please contact us at 301-777-5911.

Sincerely,

David J. Caporale

701 Kelly Road
Cumberland, MD 21502
**E** countyclerk@alleganygov.org
**T** 301 777-5911
alleganygov.org

**NAIFA2025hb321OppFin.pdf**
Uploaded by: Brett Lininger
Position: UNF

NAIFA
MARYLAND

**House Bill 321**

**Pharmacy Benefit Managers and Alteration of Application of Law**
**Senate Finance Committee**
**Position: Unfavorable**

NAIFA-MD ("The National Association of Insurance and Financial Advisors – Maryland Chapter") appreciates the opportunity to submit written testimony on HB321. NAIFA-MD is made up of insurance agents and advisors, financial advisors and financial planners, investment advisors, broker/dealers, multiline agents, health insurance and employee benefits specialists, and more. We are the closest to the consumer and provide products, services, and guidance that increase financial literacy in our society, protect their clients against life's inherent risks, help hard-working Americans prepare for retirement, and create financial security and prosperity so their clients can leave a legacy for future generations.

NAIFA-MD strongly opposes House Bill 321, which seeks to alter the definition of "purchaser" for the purpose of certain provisions of State insurance law governing pharmacy benefits managers. This bill could lead to increased healthcare costs for public, union, and private sector workers and their families. By altering the regulatory framework, it may result in higher co-pays, co-insurance, and prescription drug prices. This increase in costs would be particularly burdensome during a time when healthcare expenses are already at an all-time high.

HB 321 undermines federal protections provided by the Employee Retirement Income Security Act of 1974 (ERISA). ERISA ensures uniform regulations and benefits for employees across Maryland, including those in local government institutions, unions, and private employers. By eroding these protections, HB321 could disrupt the ability of employers to offer affordable and accessible healthcare and prescription drugs to their employees.

The proposed changes would limit the flexibility of insurance agents and advisors to provide customized benefit packages to their employer clients. This could negatively impact the ability of local government institutions, private employers, and unions to tailor healthcare benefits to their specific needs. By increasing healthcare costs and reducing flexibility in benefit packages, HB321 could compromise the financial security of Maryland's hardworking employees and their families.

This would be counterproductive to the state's goal of promoting economic stability and prosperity. Considering these concerns, NAIFA-MD strongly urges the Committee to oppose HB321. The potential consequences of this bill, including increased healthcare costs and reduced flexibility in benefit packages, outweigh any perceived benefits. It is crucial to prioritize the financial security and healthcare access of Maryland's workers and their families.

Finally, House Bill 813 would create an interim study on the very complex issues stemming from recent litigation regarding action in other states pertaining to this exact issue. There is no need to rush to judgment when a study has already been contemplated.

**HB 321_2_NABIP_UNF.pdf**
Uploaded by: Bryson Popham
Position: UNF

National Association of Benefits and Insurance Professionals
NABIP
Maryland Chapter
PO Box 4593, Lutherville, MD 21094

March 25, 2025

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

RE: House Bill 321 - 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 321.

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 321 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 321.

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 321.

Very truly yours,

K O'Toole

Kevin O'Toole
Legislative Committee Co-Chair, NABIP MD

cc: Melissa Coles, President, NABIP MD
Glenn Arrington, Legislative Committee Co-Chair
Bryson Popham

**HB321_NLA_UNF**

Uploaded by: Fred Brown

Position: UNF

**Quality and Value Based Benefits**
**www.nlahcc.org**

March 24, 2025

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

Re: Opposition to House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

Dear Chairwoman Beidle and Members of the Committee:

I am writing on behalf of the National Labor Alliance of Health Care Coalitions, representing over 6 million union members, retirees and dependents nation-wide. We urge caution in advancing policies that increase prescription drug costs for working families and oppose HB 321 as written.

As ERISA-governed plans, most of our health funds operate under federal law to provide cost-effective, high-quality benefits to members. If enacted, the policy changes from this bill will gut key federal provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which our healthcare plans rely on to stay affordable and accessible. Specifically, the bill reduces our ability to negotiate best pricing, leading to higher plan costs and premium increases for our members and shifts savings away from our members, driving up overall expenses for union health plans and reducing flexibility to manage benefits.

As mentioned, these mandates would weaken our ability to keep healthcare costs affordable for union members and increase costs across the board. Accordingly, we urge policymakers to engage with labor stakeholders before advancing changes that could harm the very workers these policies aim to protect.

We welcome further discussion on solutions that balance affordability and access.

Respectfully Submitted,

*Fred G. Brown*

Fred G. Brown, Esq., President
National Labor Alliance of Healthcare Coalitions
16364 Far View Place
Anchorage, Alaska 99516
Mobile: (907) 378-0343

**HB 321_MDCC_Pharmacy Benefits Managers - Definitio**
Uploaded by: Hannah Allen
Position: UNF

MARYLAND
Chamber of Commerce

**LEGISLATIVE POSITION:**
**Unfavorable**
**House Bill 321 – Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law**
**Senate Finance Committee**
**Thursday, March 27, 2025**

Dear Chairwoman Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 321 amends current state law governing pharmacy benefit managers by repealing the previous definitions of "carrier" and "ERISA" and altering the definition of "purchaser." As a result, the bill seeks to broadly expand the state regulations governing pharmacy benefit managers to additional entities providing prescription drug coverage or benefits in the state, including programs subject to the federal Employee Retirement Income Security Act of 1974 (ERISA).

This legislation will have major impacts on both employers and employees throughout the state. With the majority of private sector employees participating in healthcare plans that are covered under ERISA protections, the Chamber urges the committee to avoid any legislative action that could increase healthcare costs for Marylanders and negatively impact the ability of health plan providers to design affordable products for the Maryland healthcare market. While we understand that the *Rutledge* Supreme Court decision has opened the door to new and additional state regulation, the Chamber is very concerned that further state regulation of ERISA protected health plans will result in worse outcomes for both employers and employees.

For more than 50 years, self-insured employer-sponsored healthcare, which is a popular healthcare structure for employers, local governments, schools, and unions, has been governed by ERISA. This federal preemption provides uniform regulations and protections for both employees and employers sponsoring their healthcare. These uniform standards allow Maryland businesses to provide affordable and accessible healthcare and prescription drugs to employees.

HB 321 would strip away the very ERISA protections and benefits that have allowed employers to provide healthcare and prescription drug benefits at affordable prices for thousands of hard-working Marylanders. **By removing these policies, protections, and benefits that allow employers to keep benefit premiums as low as possible, Maryland employers and employees stand to incur significant increases in co-pays, co-insurance rates, and prescription drug prices.** The increased costs will flow downhill to employees who want and need these benefits and the employers who strive to offer them.

In 2019, Maryland became the first state to establish a Prescription Drug Affordability Board (PDAB). The law requires the board to review both state and commercial health plans' use of prescription drugs and make recommendations to state officials on ways to make them more affordable for residents. The board is required to submit a report to the General Assembly on legality, obstacles, and benefits of upper payment limits on purchases and payor reimbursements of prescription drugs by December 1, 2026, along with recommendations regarding whether legislation should be passed to expand the authority of the board to set upper payment limits to all purchases of prescription drugs in the state. HB 321 should not be implemented until a final report has been submitted and reviewed.

Lastly, HB 813 proposes a study on this very issue. We urge the committee to consider the findings of HB 813 prior to advancing HB 321.

Healthcare coverage must remain accessible and affordable so that employers can continue to offer these benefits that employees both want and cherish. Given the far-reaching and negative impacts of this legislation, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **HB 321.**

# 2025.03.25 MD HB 321 Purchaser Testimony.pdf
Uploaded by: Heather Cascone
Position: UNF

Heather R. Cascone
Assistant VP, State Affairs
(202) 744-8416
hcascone@pcmanet.org

March 27, 2025

Chairwoman Pamela Beidle
Senate Finance Committee
Miller Senate Office Building, 3 East
Annapolis, Maryland 21401

***UNFAVORABLE - House Bill 321 – Altering the Definition of Purchaser***

Dear Chairwoman Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA), I appreciate the opportunity to comment on HB 321, a bill to amend the statutory definition of purchaser in various sections of the Insurance Statute. I respectfully request an unfavorable report on the bill.

PCMA is the national trade association representing America's Pharmacy Benefit Managers (PBMs), which administer outpatient prescription drug plans for more than 289 million Americans with health coverage provided through Fortune 500 large and small employers, labor unions and government programs.

HB 321 was first proposed in a bill as a response to the 2020 decision of the US Supreme Court, commonly referred to as "Rutledge," in which the court was asked to examine whether state regulation of reimbursements to pharmacies was a lawful authority of the state as it pertained to ERISA and self-insured plans. Today, HB 321 seeks to go much further beyond rate regulation. If enacted, it would expose labor unions, local and county governments, and private businesses who insure their employees' benefits – collectively purchasers – to increased regulation of their pharmacy benefits, thus limiting cost control tools and driving up their costs. While the plan would initially bear the cost impact, these increased costs are ultimately passed through to all employees in the form of higher premiums, increased out-of-pocket costs, and reduced benefits

HB 321 strips purchasers of their decision-making authority and flexibility—a foundational principle on which ERISA was built. Congress configured ERISA preemption to prevent conflicting and inconsistent state laws regarding employee benefits. The emergence of such a state law patchwork could make cost-efficient plan administration impossible, particularly for multistate plan sponsors, who would have to vary the substance of their benefit offerings on a state-by-state basis.

There is extensive, growing opposition from the purchasers affected by this bill, as they better assess what these limitations would mean and cost them. At a time of escalating healthcare costs, and employer budget challenges, we should remain focused on allowing flexibility to cost containment tools, not subsidizing one industry over all the others in Maryland.

It is for these considerations of local governments, labor unions, and emplyers in mind, PCMA respectfully requests an unfavorable report on HB 321 but suggests that the committee conduct further diligence into its effect on purchasers, encouraging their involvement in any future study of the issue. I appreciate the opportunity to voice our concerns and am happy to answer any questions you may have.

Sincerely,

Heather R. Cascone

**HB321.pdf**
Uploaded by: Jessica Worley
Position: UNF

CECIL COUNTY
CHAMBER *of* COMMERCE

March 25, 2025

Senator Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

***RE: House Bill 321 – Pharmacy Benefits Manager – Definition of Purchaser and Alteration of Application of Law***

Chairwoman Beidle & Members of the Committee:

The Cecil County Chamber of Commerce, representing over 400 businesses and organizations in Cecil County, is writing to express our concerns regarding the proposed House Bill 321 – Pharmacy Benefits Manager – Definition of Purchaser and Alteration of Application of Law. Our Government Relations Committee, comprised of Chamber members who monitor and provide testimony on pending legislation, has reviewed this bill and request and **UNFAVORABLE** vote on **HB 321**.

House Bill 321 amends current state law governing pharmacy benefit managers by repealing the previous definitions of “carrier” and “ERISA” and altering the definition of “purchaser.” As a result, the bill seeks to broadly expand the state regulations governing pharmacy benefit managers to additional entities providing prescription drug coverage or benefits in the state, including programs subject to the federal Employee Retirement Income Security Act of 1974 (ERISA).

This legislation will have major impacts on Cecil County employers and employees. With the majority of private sector employees participating in healthcare plans that are covered under ERISA protections, the Chamber urges the committee to avoid any legislative action that could increase healthcare costs for Cecil County citizens and negatively impact the ability of health plan providers to design affordable products for the Maryland healthcare market. The Chamber is very concerned that further state regulation of ERISA protected health plans will result in worse outcomes for both employers and employees.

HB 321 would strip away the very ERISA protections and benefits that have allowed employers to provide healthcare and prescription drug benefits at affordable prices for thousands of hard-working Marylanders. **By removing these policies, protections, and benefits that allow employers to keep benefit premiums as low as possible, Cecil County employers and employees stand to incur significant increases in co-pays, co-insurance rates, and prescription drug prices.** The increased costs will negatively impact employees who want and need these benefits and the employers who strive to offer them.

Healthcare coverage must remain accessible and affordable so that employers can continue to offer these benefits that employees both want and cherish. Given the far-reaching and negative impacts of this legislation, the Cecil County Chamber of Commerce respectfully requests an **UNFAVORABLE VOTE** on **HB 321.**

We trust that you and your colleagues will make informed decisions that benefit all Marylanders and the businesses that are vital to our state's prosperity and quality of life. We are ready to assist you in any way possible. Please feel free to contact our Government Relations Committee through Jessica Worley at jworley@cecilchamber.com (410-392-3833) or Committee Chair Carl Roberts at cdennyroberts1@aol.com (443-206-3068).

Sincerely,

Cecil County Chamber of Commerce
Government Relations Committee

**HB321_Letter_3.25.25.pdf**
Uploaded by: Juli McCoy
Position: UNF

The CHAMBER
ALLEGANY COUNTY, MD

*The Bell Tower Building*
24 Frederick Street | Cumberland, MD 21502
p: 301-722-2820 | f: 301-722-5995
info@alleganycountychamber.com | www.alleganycountychamber.com

March 25, 2025

The Honorable Pamela Beidle
Senate Finance Committee

Dear Chairwoman Beidle and Members of the Committee:

On behalf of the Allegany County Chamber of Commerce, I urge you to **oppose House Bill 321 – Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law**.

House Bill 321 amends current state law governing pharmacy benefit managers by repealing the previous definitions of "carrier" and "ERISA" and altering the definition of "purchaser." As a result, the bill seeks to broadly expand the state regulations governing pharmacy benefit managers to additional entities providing prescription drug coverage or benefits in the state, including programs subject to the federal Employee Retirement Income Security Act of 1974 (ERISA).

This legislation will have major impacts on both employers and employees throughout the state. With many private sector employees participating in healthcare plans that are covered under ERISA protections, the Chamber urges the committee to avoid any legislative action that could increase healthcare costs for Marylanders and negatively impact the ability of health plan providers to design affordable products for the Maryland healthcare market. While we understand that the *Rutledge* Supreme Court decision has opened the door to new and additional state regulation, the Chamber is very concerned that further state regulation of ERISA protected health plans will result in worse outcomes for both employers and employees.

For more than 50 years, self-insured employer-sponsored healthcare, which is a popular healthcare structure for employers, local governments, schools, and unions, has been governed by ERISA. This federal preemption provides uniform regulations and protections for both employees and employers sponsoring their healthcare. These uniform standards allow Maryland businesses to provide affordable and accessible healthcare and prescription drugs to employees.

HB 321 would strip away the very ERISA protections and benefits that have allowed employers to provide healthcare and prescription drug benefits at affordable prices for thousands of hard-working Marylanders. **By removing these policies, protections, and benefits that allow employers to keep benefit premiums as low as possible, Maryland employers and employees stand to incur significant increases in co-pays, co-insurance rates, and prescription drug prices.** The increased costs will flow downhill to employees who want and need these benefits and the employers who strive to offer them.

In 2019, Maryland became the first state to establish a Prescription Drug Affordability Board (PDAB). The law requires the board to review both state and commercial health plans' use of prescription drugs and make recommendations to state officials on ways to make them more affordable for residents. The board is required to submit a report to the General Assembly on legality, obstacles, and benefits of upper payment limits on purchases and payor reimbursements of prescription drugs by December 1, 2026, along with recommendations regarding whether legislation should be passed to expand the authority of the board to set upper payment limits to all purchases of prescription drugs in the state. HB 321 should not be implemented until a final report has been submitted and reviewed.

Healthcare coverage must remain accessible and affordable so that employers can continue to offer these benefits that employees both want and cherish. Given the far-reaching and negative impacts of this legislation, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **HB 321.**

Sincerely,

Juli McCoy
President & CEO
juli@alleganycountychamber.com

cc: Allegany County Delegation

# HB0321-FIN_MACo_OPP.pdf
Uploaded by: Karrington Anderson
Position: UNF

# 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.

# AHIP Comments_MD HB 321 ERISA Preemption_3.25.25.p
Uploaded by: Keith Lake
Position: UNF

AHIP
Guiding Greater Health

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ahip.org

March 25, 2025

Senator Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

**Re: AHIP Opposes House Bill 321 in relation to ERISA**

Dear Chair Beidle:

AHIP appreciates the opportunity to comment on HB 321, legislation which runs afoul of federal preemption because of its application to self-insured Employee Retirement Income Security Act of 1974 (ERISA) covered plans.

Today, more than half of Americans receive their health insurance through employer coverage that is governed by ERISA, which affords employers consistency and uniformity of health plan administration. This encourages health care coverage that improves the health and financial stability of employees and their families. In Maryland, more than 3.2 million residents (54% of the state's covered population) are covered by employer insurance. Of those Maryland employers that provide coverage to their employees, 48% of those employers offer self-insured ERISA plans.[1]

***AHIP strongly opposes any attempt to regulate ERISA self-funded plans beyond the limits allowed under federal preemption law and jurisprudence.*** We are concerned that several provisions in HB 321 are preempted by ERISA and, should the proposed policies be enacted, it may jeopardize the cost-saving, uniform standards your state's self-insured ERISA employers rely upon to provide affordable health insurance coverage to their employees.

***AHIP supports a single, cost-saving national standard of regulation for employer-provided health care coverage*** – one that gives employers the option to assume financial risk and allows employers to choose specifically tailored and uniform benefits for their employees regardless of where they live. This ensures more affordable coverage that is easier to administer and understand. The alternative, a 50-state patchwork of complicated and inconsistent mandates for employer provided coverage, would cause confusion, and make coverage more expensive for Maryland employers and employees.

***We are providing a legal analysis supporting this position.*** The Groom Law Group prepared the attached detailed legal analysis, including a discussion of the ERISA and jurisprudence landscape, a description of the specific provisions included in HB 321 of concern, and the basis for the federal preemption.

To protect Maryland's employers from increased health care costs, AHIP urges you not to favorably report HB 321.

Sincerely,

[1] https://www.ahip.org/documents/202407-EPC_StateData-Maryland.pdf

Keith Lake
Regional Director, State Affairs
klake@ahip.org / 220-212-8008

AHIP is the national association whose members provide insurance coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.

**Groom - AHIP - MD HB321 Preemption Chart_3.25.2025**
Uploaded by: Keith Lake
Position: UNF

**March 21, 2025**

***ERISA Preemption of Maryland House Bill 321***

ERISA preempts any state law that "relates to" an ERISA-covered employee benefit plan. ERISA § 514(a). As recognized by the Supreme Court of the United States, a central purpose of ERISA's broad preemption provision is to allow for the uniform administration of ERISA plans. *See, e.g., Egelhoff v. Egelhoff*, 432 U.S. 141, 148 (2001) (holding that ERISA preempted a state statute governing beneficiaries under an ERISA plan). A state law "relates to" a plan, and implicates preemption, when it has a "connection with or reference to" an ERISA plan. *Id*. at 147. The Supreme Court has made clear that a central purpose of ERISA's broad preemption provision is to allow for the uniform administration of ERISA plans. *See, e.g., Egelhoff v. Egelhoff*, 432 U.S. 141, 148 (2001) (holding that ERISA preempted a state statute governing beneficiaries under an ERISA plan).

The Supreme Court clarified two main categories of state law that ERISA would preempt: (1) "where a state's law acts immediately and exclusively upon ERISA plans or where the existence of ERISA plans is essential to the law's operation" and (2) where there is "an impermissible connection with ERISA plans [which] govern a central matter of plan administration." *Gobeille v. Liberty Mut. Ins. Co*., 577 U.S. 312, 319-320 (2016) (internal quotations and citations omitted). Notably, the state law at issue in *Gobeille* applied to the third-party administrator ("TPA") acting on behalf of the ERISA-covered plan. In recognition of the statutory "deemer clause," which prevents states from "deeming" a self-insured, ERISA-covered plan to be an insurer for purposes of the insurance savings clause, the Court held that the Vermont law at issue was preempted, notwithstanding the fact that it applied to the insurer acting as a TPA for the plan. ERISA § 514(b)(2). A state law may also be preempted if its economic effects force an ERISA plan to adopt certain coverage or restrict its choice of insurers. *See id*. at 320.

In *Rutledge*, the most recent Supreme Court case analyzing ERISA preemption, the Court affirmed both *Egelhoff* and *Gobeille* when reviewing a state law that regulates the reimbursement amounts PBMs pay pharmacies for drugs covered by prescription drug plans. *Rutledge v. Pharm. Care Mgt. Assn.*, 592 U.S. 80, 86 (2020). In a narrowly tailored decision, the Court held that the state law was not preempted by ERISA because it merely regulated costs rather than dictate ERISA-plan choices. *See id.* at 81. Instead, the Court focused squarely on the facts of the Arkansas cost-regulation while applying earlier Court precedent addressing the extent to which state-level cost regulation is preempted. Importantly, the Court was clear that prior precedent outside the context of indirect cost regulation remained intact and found that the state law did not govern a "central matter of plan administration" by increasing costs for ERISA plans without forcing plans to adopt certain rules for coverage. *Id* at 80; *Gobeille* at 320. Moreover, the Court in *Rutledge* also reaffirmed the long-held view of the Court that a state law "which requires employers to pay employees specific benefits, clearly 'relate to' benefit plans," and are thus subject to preemption. *Shaw v. Delta Air Lines, Inc*., 463 U.S. 85, 97 (1983); *Rutledge*, 592 U.S. at 86-87.

More recently, the Tenth Circuit properly read *Rutledge* as being limited to indirect cost regulation. In *Mulready* the court examined an Oklahoma state law that imposed regulations on PBMs and pharmacy networks in an effort to establish minimum and uniform guidelines regarding a patient's right to choose a pharmacy provider. *PCMA. v. Mulready*, 78 F.4th 1183, 1190 (10th Cir. 2023). The state law included four key provisions that subjected PBMs to certain rules including pharmacy access network standards and restrictions on the incentives given to individuals who fill prescriptions at in-network pharmacies. *See id.* at 1190-1191. The court held that all four provisions were preempted by ERISA because they had an impermissible connection with ERISA plans by mandating certain benefit structures related to a key benefit design (*i.e.* the scope and differentiation of the plan's pharmacy network benefit). *Id.* at 1199-1200. The court found that the Oklahoma law was an attempt by the State to "govern[ ] a central matter of plan administration" and "interfere[ ] with nationally uniform plan administration." *Id.* at 1200.[1]

**MD House Bill 321**

Maryland House Bill 321 ("HB 321") seeks to impose certain of the state's insurance laws governing pharmacy benefit managers ("PBMs") on pharmacy benefit management services provided to ERISA-covered, self-insured group health plans. HB 321 accomplishes this by eliminating current law limitations on the applicability of state PBM requirements to "carriers". A number of these provisions should be preempted by ERISA based on existing Supreme Court jurisprudence, including *Rutledge*. In the following chart, we identify the specific legislative provision, provide a description of the provision, and include the basis for federal law preemption, assuming that the State seeks to impose these requirements with respect to self-insured, ERISA-covered plans.

| ***Proposed Statutory Provision*** | ***Description*** | ***Reason for ERISA Preemption*** |
|---|---|---|
| Md. Code Ann., Ins. § 15-1611.1 | Prohibits PBMs from requiring the use of pharmacies affiliated with the PBM. | This provision limits the ability of ERISA-covered plans to determine the scope of their pharmacy networks, which is inherent in the plan's benefit design. Thus, the provision should be preempted because it requires a specific benefit design choice by the plan sponsor consistent with the holding in *Mulready*. |
| Md. Code Ann., Ins. § 15-1612(b) | Prohibits a PBM from reimbursing a non-affiliated pharmacy less than the PBM reimburses affiliated pharmacies. | This provision limits the ability of ERISA-covered plans to contract for high-value pharmacy networks, which is inherent in the plan's |

[1] Notably, the Tenth Circuit also squarely rejected the State's argument that the state law in question was not preempted by ERISA because the law regulates PBMs rather than the actual health plan. *Id*. at 1194. Many courts have recognized that state laws regulating PBMs function as the regulation of an ERISA plan because most plans cannot operate without a PBM. *Id*. at 1195

| *Proposed Statutory Provision* | *Description* | *Reason for ERISA Preemption* |
|---|---|---|
| | | benefit design. Thus, the provision should be preempted because it requires a specific benefit design choice by the plan sponsor consistent with the holding in *Mulready*. |
| Md. Code Ann., Ins. § 15-1629 | Proscribes the manner in which PBMs may audit pharmacies and recover overpayments. | This provision could impose acute *and* direct economic burden on plans because it limits recovery of plan assets. Moreover, it could directly conflict with ERISA's fiduciary duty to act solely in the interest of the plan. As a result, the provision addresses a central matter of plan administration and fiduciary obligation, and should be preempted per *Gobeille*. |

**DOCS-#239437-v1-HB_321_ERISA_in_FIN_League_Opposed**
Uploaded by: Matthew Celentano
Position: UNF

The League of Life and Health Insurers of Maryland

15 School Street, Suite 200
Annapolis, Maryland 21401
410-269-1554

March 27, 2025

The Honorable Pam Beidle
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

**House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law**

Dear Chair Beidle,

The League of Life and Health Insurers of Maryland, Inc. respectfully **opposes** *House Bill 321* **--** *Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law* and urges the committee to give the bill an unfavorable report.

Health insurance should be simple, effective, and affordable. Patients and employers should not have to navigate complex regulations to get the care they need at a cost they can afford. The League supports a single, cost-saving national standard of regulation for self-funded employer-provided coverage, ensuring more affordable coverage for all, that is easier to understand. A 50-state patchwork of complicated and inconsistent mandates for employer-provided coverage will cause more confusion and make coverage more expensive for Maryland's employers and employees.

For decades, state laws related to state health plans, including all prescription drug benefits, have only been applied to fully insured health plans subject to regulation by the Maryland Insurance Administration (MIA), and not plans exempted by the federal ERISA law.

We understand the Supreme Court Rutledge decision changed that landscape, but the subsequent *Mulready* challenge has swung the pendulum back towards status quo. It also doesn't change the fact that the proponents are trying to mandate changes to plan design, which carriers are fundamentally opposed to as it is not the carrier decision – the structure of the benefits are designed solely by the plan sponsor.

By extending the provisions of prior PBM law structure to self-insured plans these proposals will restrict the opportunity for health plans to reduce their prescription drug costs. This will also come as a surprise to a ton of these businesses as they will most likely have zero clue these discussions are taking place – they will see extreme sticker shock if this bill moves forward.

The League thinks that the intent of this bill misses where the financial burden of this bill lands, which is businesses trying to provide coverage at affordable levels to their employees, who will ultimately bear the burden of this legislation. Contrary to what might have been shared with the committee, House Bill 321 does nothing to address the exploding price of prescription drugs and only adds costs to the health care system which will manifest itself in higher premiums for Marylanders.

We would also point to HB 813 which has passed that chamber and is in the possession of the Senate. It establishes a robust workgroup with the entire drug pricing stakeholder universe to explore the issues within House Bill 321. It would be premature to get ahead of that work.

For these reasons, the League urges the committee to give House Bill 321 an unfavorable report.

Very truly yours,

Matthew Celentano
Executive Director

cc: Members, Senate Finance Committee

**HB321 - Pharmacy Benefits Managers - Written Testi**
Uploaded by: Matthew Peter Peter
Position: UNF

LGIT Health
Local Government Insurance Trust

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,

Matthew D. Peter
Executive Director

# HB 321 before Senate Finance Ray Baker Baltimore D
Uploaded by: Ray Baker
Position: UNF

March 27, 2025

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

**Testimony of Ray Baker, Maryland Director, Baltimore DC Metro Building Trades Council**
**on HB 321: Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law**
**Position: UNFAVORABLE**

Thank you Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee for the opportunity to offer testimony on HB 321. My name is Ray Baker. I am the Maryland Director of the Baltimore-DC Building Trades (BDCBT). The BDCBT's 28 affiliates represent more than 30,000 union construction workers across Maryland, Virginia, and the District of Columbia.

The BDCBT opposes HB 321, just as we did its cross-file, SB 303. Our message to the committee is simple: **DON'T MESS WITH OUR ERISA HEALTH INSURANCE PLANS.**

This legislation broadly expands Maryland's regulation of pharmacy benefit managers working on behalf of self-funded large employers, counties, municipalities, unions and their respective employees. One of the most important fringe benefits a building trades union member receives is health insurance coverage. This legislation has the potential to adversely impact the cost and type of coverage our members are provided. HB 321 would upend a long body of case law and a long legislative history of the State not regulating self-funded or ERISA health insurance plans. HB 321 has been supported by pharmacies for the sole purpose of increasing their remuneration at the expense of union members. The proponents incorrectly assert that this legislation is constitutional under the 2020 Supreme Court decision in Rutledge v. PCMA.

If passed, this legislation would result in employers and unions with self-funded plans would have inconsistent rules across state lines, and union multi-employer plans typically do cross state lines. HB 321 would result in additional costs for employers and or union members. The increased costs will be borne directly by the employer or our union members in the forms of decreased benefits or increased co-pays for prescription drugs. Specifically, HB 321 may change current negotiated health care plans and coverages in the following manner:

1) Increasing prescription dispensing fees;
2) Altering the terms and costs of mail order pharmacy dispensing;
3) Altering current networks; and
4) Eliminating protections from price gouging for specialty drugs.

We urge this committee to protect our current benefits and allow our plans to be treated consistently nationwide. We strongly oppose the legislation and respectfully ask for an unfavorable report.

Ray Baker
Maryland Director, BDCBT
RBaker@BDCBT.org
410.585.7862

## HB 321 IBEW 24 Senate Opposition.pdf
Uploaded by: Rico Albacarys
Position: UNF

# INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS - LOCAL UNION No. 24

AFFILIATED WITH:
Baltimore-D.C. Metro Building Trades Council - AFL-CIO
Baltimore Port Council
Baltimore Metro Council - AFL-CIO
Central MD Labor Council - AFL-CIO
Del-Mar-Va Labor Council - AFL-CIO
Maryland State - D.C. - AFL-CIO
National Safety Council

C. SAMUEL CURRERI, President
DAVID W. SPRINGHAM, JR., Recording Secretary
JEROME T. MILLER, Financial Secretary
MICHAEL J. MCHALE, Business Manager

OFFICE:
2701 W. PATAPSCO AVENUE
SUITE 200

AFL-CI0-CLC

BALTIMORE, MARYLAND 21230

Phone: 410-247-5511
FAX: 410-536-4338


Written Testimony of
Rico Albacarys, Assistant Business Agent, IBEW LOCAL 24
Before the Senate Finance Committee On
HB 321 Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

**Opposed**

March 21, 2025

Madam Chair Beidle and Committee Members,

My name is Rico Albacarys and I am a member and employee of IBEW Local 24, writing to express our **opposition** to **House Bill 321**, which threatens to jeopardize the integrity of our Employee Retirement Income Security Act (ERISA) health funds.

The proposed legislation seeks to subject ERISA health funds, jointly supervised by labor and management representatives, to new requirements and restrictions by altering regulations governing pharmacy benefits managers (PBMs).

Our ERISA health funds operate uniquely, established through collective bargaining agreements to provide healthcare benefits to more than 6,000 Marylanders. House Bill 321 disregards this distinction and fails to recognize the collaborative efforts of labor and management in overseeing healthcare benefits for our members.

We urge you to consider the implications of House Bill 321 on ERISA health funds and recognize the importance of preserving the joint oversight and cooperation between labor and management. For these reasons we are asking you give **HB 321** an **unfavorable** report.

Sincerely,

Rico Albacarys
Assistant Business Agent
IBEW Local 24

**Aaron Bast_Iron Workers Local 5_HB321 SB303_UNFAV.**
Uploaded by: Roger Manno
Position: UNF

TESTIMONY OF AARON BAST, BUSINESS MANAGER AND FINANCIAL SECRETARY TREASURER OF IRON WORKERS LOCAL 5

BEFORE THE HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE AND THE SENATE FINANCE COMMITTEE

IN OPPOSITION TO HB 321 / SB 303

Dear Chair Peña-Melnyk, Chair Beidle, and Honorable Members of the House Health and Government Operations Committee and the Senate Finance Committee:

I am Aaron Bast, Business Manager and Financial Secretary Treasurer of Iron Workers Local 5. On behalf of our members, I am submitting this testimony in strong opposition to House Bill 321 / Senate Bill 303, which seeks to alter the definition of "purchaser" within Maryland's insurance law governing pharmacy benefits managers (PBMs).

HB321 / SB303 introduces changes that exclude certain nonprofit health maintenance organizations (HMOs) from being classified as purchasers. This exclusion threatens the stability of our members' healthcare coverage by reducing the transparency and accountability of PBMs, which are integral to ensuring fair pricing and accessibility of prescription medications.

Iron Workers Local 5 represents hardworking men and women who depend on reliable and affordable healthcare coverage, including prescription drug benefits. The proposed changes in this legislation would create an uneven playing field, allowing nonprofit HMOs to bypass existing regulations that promote transparency, fair pricing, and consumer protection. This could lead to increased healthcare costs, reduced access to necessary medications, and a lack of oversight that directly impacts the health and financial well-being of our members.

Furthermore, the exclusion of nonprofit HMOs from the definition of "purchaser" undermines the intent of Maryland's existing laws, which were enacted to protect consumers from unfair PBM practices. The proposed changes would weaken our ability to negotiate fair contracts and ensure that our members receive the benefits they deserve.



Iron Workers Local 5, 9301 Peppercorn Pl, Upper Marlboro, Md 20774

We urge the committee to reject HB321 / SB303 to protect Maryland workers and their families from potential negative impacts on their healthcare coverage. The existing regulatory framework provides essential oversight and ensures a level playing field that benefits all stakeholders.

Thank you for the opportunity to provide our perspective, and we respectfully request an unfavorable report on HB321 / SB303.

Sincerely,

Aaron Bast
Business Manager and Financial Secretary Treasurer
Iron Workers Local 5

# EASRCC Carpenters Testimony HB1321 UNFAV.pdf
Uploaded by: Roger Manno
Position: UNF

WILLIAM C. SPROULE
EXECUTIVE SECRETARY-TREASURER

MICHAEL HAND
ASST. EXECUTIVE SECRETARY-TREASURER

Eastern Atlantic States
REGIONAL COUNCIL OF CARPENTERS

801 West Patapsco Avenue, Baltimore, MD 21230 | Phone: 443-915-0462 | EASCARPENTERS.ORG

TESTIMONY

HB1321 – LABOR AND EMPLOYMENT – RIGHT TO WORK

POSITION: OPPOSE / UNFAVORABLE

Honorable members of the House Economic Matters Committee:

On behalf of the Eastern Atlantic Regional Council of Carpenters (EASRCC), our 41,000 of the most skilled construction workers and apprentices in the nation, and including some 3,000 carpenters right here in the State of Maryland, we write today in the strongest possible opposition to HB1321, the so-called “Right to work” legislation before the Economic Matters Committee.

The concept of “Right to Work” is a farce, designed to trick workers into believing that their union membership somehow inhibits their ability to engage in meaningful employment. Noting could be farther from the truth.

The truth is that this national strategy seeks to crush the last great American institution that organizes and advocates for the rights of workers: labor unions. By mislabeling this effort as a “right,” this legislation is designed to make workers believe that union representation, membership and participation somehow inhibits or diminishes the rights of workers. In fact, this legislation does precisely the opposite, by stripping some of the most important union organizing tools from workers: union membership itself.

This is nothing more than a dishonest attempt to further separate workers from the true rights that American Labor has built over decades. It’s a race to the bottom strategy that has only led to lower wages, benefits and working conditions in states that have implemented such legislation.

There’s no place for this in the great State of Maryland, or anywhere else.

For these reasons, we request an *unfavorable* committee report on HB1321.

**M&A_Chris Madello_HB321 SB303_UNFAV.pdf**
Uploaded by: Roger Manno
Position: UNF

Journeymen Pipe Fitters and Apprentices
602
STEAMFITTERS
Local Union No. 602
8700 ASHWOOD DRIVE • 2ND FLOOR • CAPITOL HEIGHTS, MD 20743
TELEPHONE: (301) 333-2356 • FAX: (301) 333-1730
AFFILIATED WITH AFL-CIO

Testimony of Chris Madello

Business Manager / Financial Secretary Treasurer, UA Steamfitters Local 602

Before the House Health and Government Operations Committee and the Senate Finance Committee

In Opposition to HB 321 / SB 303

Dear Chair Peña-Melnyk, Chair Beidle, and Honorable Members of the House Health and Government Operations Committee and the Senate Finance Committee:

On behalf of UA Steamfitters Local 602, our more than 5,000 Journeymen, Apprentices, and Helpers, and approximately 200 signatory contractors under the Mechanical Contractors Association of Metro Washington, I write today to express our strongest opposition to House Bill 321 and Senate Bill 303. These bills pose a direct and significant threat to the healthcare benefits relied upon by thousands of union members and working families throughout Maryland.

Employer-sponsored healthcare plans are the backbone of our health system, covering 56% of Marylanders, including public servants such as police, firefighters, teachers, and union workers. The proposed legislation undermines the accessibility and affordability of these benefits, threatening the well-being of hard-working Marylanders and their families. For decades, unions like ours have fought to secure comprehensive, affordable healthcare benefits for our members. HB 321 and SB 303 jeopardize that progress.

**Increased Costs for Working Families**

HB 321 and SB 303 will drive up healthcare costs, including co-pays, co-insurance rates, and prescription drug prices. Working families already face economic challenges; this legislation will only compound their struggles. The financial strain on hard-working Marylanders could hinder their access to essential healthcare services, leaving families vulnerable to rising costs and reduced care.

**Erosion of Employer-Sponsored Healthcare**

The bills strip essential protections provided by the federal Employee Retirement Income Security Act (ERISA), which ensures affordable and uniform healthcare coverage. Weakening these protections will destabilize the employer-sponsored healthcare system, leading to increased costs for both employers and employees. By undermining ERISA protections, HB 321 and SB 303 create unnecessary uncertainty and complexity for businesses and their employees.

**Negative Impact on Public Servants and Union Workers**

Public servants and union members—the people who keep Maryland safe, educated, and operational—deserve better than legislation that threatens their healthcare security. Accessible, affordable healthcare is vital to recruiting and retaining a skilled workforce. As a union representing highly skilled tradespeople, we know firsthand the importance of strong healthcare benefits in supporting our members and their families.

**Undermining Maryland's Economic Health**

Employer-sponsored healthcare plans are a critical component of Maryland's economic framework. HB 321 and SB 303 risk increasing healthcare costs by billions of dollars over the next decade, imposing financial burdens on both employers and employees. This financial strain could lead to reduced benefits, layoffs, and diminished economic productivity, ultimately harming Maryland's economic stability.

**Conclusion**

These bills prioritize the interests of entities seeking to increase healthcare profits at the expense of Maryland families. As a representative of UA Steamfitters Local 602, I urge the committees to reject this harmful legislation. Instead, we should focus on policies that protect and strengthen employer-sponsored healthcare, ensuring it remains affordable and accessible for generations to come.

Thank you for your consideration, and I respectfully urge an unfavorable report on HB 321 and SB 303. Please stand with Maryland's working families and vote NO.

Sincerely,

Christopher M. Madello

Chris Madello
Business Manager / Financial Secretary Treasurer
UA Steamfitters Local 602

**M&A_T Smalls_HB321 SB303_UNFAV.pdf**
Uploaded by: Roger Manno
Position: UNF

# PLUMBERS LOCAL UNION NO. 5

UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY OF THE UNITED STATES AND CANADA, AFL-CIO

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Testimony of Testimony of Terriea "T" Smalls

Business Manager / Financial Secretary Treasurer, UA Plumbers & Gasfitters Local 5

Before the House Health and Government Operations Committee and the Senate Finance Committee
In Opposition to HB 321 / SB 303

Dear Chair Peña-Melnyk, Chair Beidle, and Honorable Members of the House Health and Government Operations Committee and the Senate Finance Committee:

As the Business Manager and Financial Secretary Treasurer of UA Plumbers & Gasfitters Local 5 and our over 1,900 members and 400 apprentices and their families, I write today to express our unequivocal opposition to HB 321 and SB 303. These bills threaten the stability and affordability of healthcare benefits that union members and working families rely on throughout the state.

For decades, our union has negotiated diligently to secure employer-sponsored healthcare plans that provide comprehensive and affordable coverage. These plans are vital to the well-being of our members and their families, and they also play a crucial role in maintaining a skilled and reliable workforce. HB 321 and SB 303 would undermine these hard-earned benefits by introducing policies that increase costs and reduce protections under the current framework.

The proposals outlined in this legislation are deeply concerning. They would lead to significant increases in healthcare costs, including higher co-pays, deductibles, and prescription drug prices. Maryland families are already grappling with rising costs of living, and these additional financial burdens would make it even harder for working people to access necessary care. Furthermore, these bills weaken federal protections under the Employee Retirement Income Security Act (ERISA), which provides critical safeguards for employer-sponsored plans. By doing so, the legislation creates uncertainty and raises costs for employers, who may be forced to scale back benefits or pass higher expenses onto employees.

Union members and public servants are the backbone of our communities. They build, repair, and maintain the essential systems that keep Maryland running. These individuals deserve secure, affordable healthcare—not policies that place profits over people. HB 321 and SB 303 prioritize the interests of entities seeking to maximize their gains at the expense of workers and their families. If enacted, these bills could destabilize Maryland's healthcare system, impacting not only union members but also the broader economy.



**Terriea "T" L. Smalls**
Business Mgr. / Financial Sec-Treas.

**Michael S. Canales, Jr.**
Asst. Business Manager

**Anthony A. Solis**
Business Rep. and Organizer

**Julius Wright**
Business Rep. and Organizer

It is critical that Maryland legislators reject this legislation and instead work to protect and strengthen the employer-sponsored healthcare system. Such action would uphold the values of fairness and security that are fundamental to Maryland’s workforce and economy.

On behalf of the dedicated members of UA Plumbers & Gasfitters Local 5, I urge you to issue an unfavorable report on HB 321 and SB 303. Together, we can ensure that Maryland’s working families continue to have access to the affordable healthcare they need and deserve.

Thank you for your time and attention to this urgent matter.

Sincerely,

Terriea"T" Smalls
Business Manager / Financial Secretary Treasurer
UA Plumbers & Gasfitters Local 5

**MCAMW_HB321_SB303_UNFAV.pdf**
Uploaded by: Roger Manno
Position: UNF

Mechanical Contractors Association of Metropolitan Washington

Testimony of Thomas Bello

Executive Vice President Mechanical Contractors Association of Metropolitan Washington (MCAMW)

Before the House Health and Government Operations Committee and the Senate Finance Committee

In Opposition to HB 321 / SB 303

Dear Chair Peña-Melnyk, Chair Beidle, and Honorable Members of the House Health and Government Operations Committee and the Senate Finance Committee:

As Executive Vice President of the Mechanical Contractors Association of Metropolitan Washington (MCAMW), I represent 200 construction contractors, employing some 10,000 workers and 1,000 apprentices across the DMV region. This includes local unions, hiring halls, and apprenticeship training centers of the Mid-Atlantic Pipe Trades Association throughout Maryland, as well as our affiliates within the Building Trades who operate additional hiring halls and training programs in the state. Together, our economic footprint generates approximately $2 billion in annual revenue and contributes $500 million in state, federal, and local taxes every year.

Today, I write to express our strongest opposition to HB 321 and SB 303. These bills pose a direct threat to the stability of Maryland's construction trade industry and the comprehensive healthcare benefits that thousands of our workers and their families depend on. Employer-sponsored healthcare plans are not just benefits—they are critical tools for recruiting and retaining a skilled workforce, ensuring both the safety and prosperity of Maryland's construction sector.

The proposed legislation jeopardizes the affordability and accessibility of these plans. By introducing policies that dismantle key protections under the Employee Retirement Income Security Act (ERISA), HB 321 and SB 303 will lead to increased costs for employers and employees alike. Higher premiums, co-pays, and deductibles, combined with rising prescription drug costs, would place undue financial strain on working families. This creates a cascading effect that harms not only our contractors and workers but also the broader economy by driving up the costs of critical infrastructure projects.

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Moreover, ERISA's federal protections are essential to maintaining uniformity and affordability in employer-sponsored healthcare plans. Weakening these protections introduces complexity and uncertainty into a system that has reliably supported workers and their families for decades. Construction trade contractors, who already operate within narrow profit margins, cannot absorb the additional costs without passing them along to clients or scaling back benefits—neither of which serves Maryland's interests.

Our members and their employees are the backbone of the state's infrastructure and economic development. From building schools and hospitals to maintaining energy and water systems, the work we perform is vital to Maryland's growth and prosperity. HB 321 and SB 303 undermine our ability to provide the stable, reliable benefits that our workforce deserves, putting both our industry and the state's economic health at risk.

We urge the General Assembly to reject this harmful legislation and focus instead on policies that support employer-sponsored healthcare and the skilled workforce that drives Maryland's economy forward. A vote against HB 321 and SB 303 is a vote to protect Maryland's construction industry, its workers, and the families who depend on them.

Thank you for considering this testimony, and I respectfully request an unfavorable report on HB 321 and SB 303.

Respectfully submitted,

Thomas L. Bello
Executive Vice President
Mechanical Contractors Association of Metropolitan Washington

**hb321.2025.UNF.pdf**
Uploaded by: Sean Flanagan
Position: UNF

KATHY KLAUSMEIER
*County Executive*

PAT RODDY
*Director of Government Affairs*

| | |
|---|---|
| BILL NO: | HB 321 |
| TITLE: | Pharmacy Benefits Managers – Definition of Purchaser and Alterations of Application of Law |
| SPONSOR: | Delegate Kipke |
| COMMITTEE: | Senate Finance |
| POSITION: | **OPPOSE** |
| DATE: | March 27, 2025 |

Baltimore County **OPPOSES** House Bill 321 – Pharmacy Benefits Managers – Definition of Purchaser and Alterations of Application of Law. The legislation seeks to limit the tools Pharmacy Benefit Managers (PBM's) utilize to negotiate prices on behalf of their clients which include county governments. This represents a potentially significant disruption to Baltimore County's efforts to provide our county employees with the best and most affordable benefits possible.

House Bill 321 would impose several harmful limitations, including the design of benefits plans, inhibiting management of vendor contracts, and undermining employers' ability to create necessary checks and balances to protect county employees and their financial contributions to benefit plans.

Maryland county governments are already facing unprecedented challenges, including federal and state budget cuts, declining revenues, and dramatically increased costs. The likely increases to co-pays and overall health benefit plan costs under the provisions of HB 321 to our county and staff are untenable in the current environment.

Accordingly, Baltimore County urges an **UNFAVORABLE** report on HB 321 from the Senate Finance Committee. For more information, please contact Sean Flanagan, Office of Government Affairs at sflanagan@baltimorecountymd.gov

## HB321_PBM Testimony MABE 2025.pdf

Uploaded by: William Kress

Position: UNF

MARYLAND ASSOCIATION OF BOARDS OF EDUCATION

INSURANCE PROGRAMS
621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401
410-841-5414 · 800-841-8197 · Fax: 410-841-5424 · MABE.org

BILL: House Bill 321
TITLE: Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law
DATE: March 27, 2025
POSITION: UNFAVORABLE
COMMITTEE: Finance Committee
CONTACT: Milton E. Nagel, CPA, Insurance Program Administrator

The Maryland Association of Boards of Education's Pharmacy Purchasing Collaborative, is an innovative project between MABE and Keenan Pharmacy Services, recognized as an expert in pharmacy benefit management and improvement strategies. Geared toward ensuring high-cost medications are dispensed at the lowest net cost possible for counties and school systems throughout Maryland, **the MABE Pharmacy Purchasing Collaborative can save Maryland counties and school systems an impressive 10% to 30% on their prescription drug program costs.**

The Collaborative also is unique in that it includes full-service pharmacy benefits and consulting, as well as performance guarantees. The MABE Pharmacy Purchasing Collaborative means fully disclosed pricing, active physician engagement, and clear communication about lower-priced alternatives. Strengths like these are needed more than ever by counties and school systems that are understandably mindful of budget, while also eager to incorporate not only considerable savings but greater clarity and accountability in their prescription drug-related programs."

MABE opposes House Bill 321 and it's cross-filed, SB 303 as they broadly expand Maryland's regulation of pharmacy benefit managers working on behalf of the Maryland Public School Boards insurance and pharmacy purchasing collaborative.

HB 321 would open the door and allow the State to regulate health insurance plans and pharmacy benefits. HB 321 has been supported by pharmacies for the sole purpose of increasing their remuneration at the expense of employers. While MABE strongly support our local independent pharmacies by ensuring they can and do participate to serve our employees, MABE does not support imposing regulations that would remove our ability to negotiate pricing, benefits, and networks to best serve the school systems and our employees.

**If passed, HB 321 would result in additional costs for our school systems and our employees. The increased costs will be borne directly by the school systems or our employees through decreased benefits or increased co-pays for prescription drugs. We conservatively estimate that this will increase costs by 5 to 7%.**

Specifically, HB 321 may change current negotiated prescription purchasing plans and coverages in the following manner:

- Altering the terms and costs of mail order pharmacy dispensing;
- Increasing prescription dispensing fees;
- Eliminating protections from price gouging for specialty drugs; and
- Altering current networks

We urge this committee to take a more measured approach that considers the impact to all stakeholders and reject this legislation. If you have any questions contact me or our legislative counsel, Bill Kress.

**FINAL - HB 321 - MIA - LOI .pdf**
Uploaded by: Marie Grant
Position: INFO

WES MOORE
Governor

ARUNA MILLER
Lt. Governor

MARIE GRANT
Acting Commissioner

JOY Y. HATCHETTE
Deputy Commissioner

DAVID COONEY
Associate Commissioner
Life and Health Unit

Maryland
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| | |
|---|---|
| **Date:** | **January 23, 2025** |
| **Bill # / Title:** | **House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law** |
| **Committee:** | **House Health and Government Operations Committee** |
| **Position:** | **Letter of Information** |

The Maryland Insurance Administration (MIA) appreciates the opportunity to provide information regarding House Bill 321.

House Bill 321 seeks to alter the scope of the provisions of Maryland law that regulate Pharmacy Benefit Managers (PBMs). It does this by expanding the definition of "purchaser" in §15-1601 of the Insurance Article, and by removing restrictions in current state law that make certain sections of law apply only to PBMs acting on behalf of a carrier.

By eliminating language restricting the applicability of certain aspects of the law to PBMs acting on behalf of a carrier, the following sections of the Maryland Insurance Article would apply to PBMs providing pharmacy benefits management services to all purchasers in Maryland:

- information on and sales of prescription drugs (§ 15-1611);
- choice of pharmacy by a beneficiary (§ 15-1611.1);
- reimbursement for a pharmaceutical product or pharmacist service (§ 15-1612);
- requirements before entering into a contract (§ 15-1623);
- rebate sharing contract requirements (§ 15-1624);
- audits by PBMs (§ 15-1629); and
- internal review process requirements (§ 15-1630).

The proposed expansions of the law will grant the MIA jurisdiction over PBMs servicing self-funded plans in a broader context, requiring an enhanced evaluation of compliance through investigations and market conduct activities. The increased enforcement efforts may necessitate an adjustment of PBM registration fees to sufficiently finance the added compliance evaluations.

The MIA retains the authority to modify these fees, should implementation of the bill require additional resources.

Thank you for the opportunity to provide this letter of information. The MIA is available to provide additional information and assistance to the committee.

**HB 321 MICUA LOI (crossover).pdf**
Uploaded by: Matt Power
Position: INFO

**Letter of Information**

**Senate Finance Committee**

***House Bill 321 (Kipke) Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law***

Matt Power, President
mpower@micua.org
March 27, 2025

On behalf of the member institutions of the Maryland Independent College and University Association (MICUA) and the nearly 55,000 students we serve, I thank you for the opportunity to provide this letter of information for *House Bill 321 (Kipke) Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law*.

HB 321 would change Maryland's self-funded plans which have existed in the State for over 50 years. The Employee Retirement Income Security Act (ERISA) of 1974 has governed the State since its passage and federal preemption has kept legislatures from overriding the laws that govern self-funded plans. Several MICUA institutions offer self-funded plans, and this change in practice would impact their operations and capability to offer reasonably priced employee benefits packages.

Passage of this bill would come at a time when MICUA schools are experiencing overburdened budgets while working to offer affordable plans to their employees. Institutions of higher education aim to attract highly qualified individuals to their campuses to educate students who will enter the workforce. Employee benefits are used as a recruiting tool to attract skilled academic and administrative personnel, and this legislation could interfere with these efforts.

Thank you for the opportunity to provide this information related to House Bill 321 on behalf of our member institutions. If you have any questions or would like additional information contact Irnande Altema, Associate Vice President for Government and Business Affairs, ialtema@micua.org.