

HB813_MPhA_FAV

Uploaded by: Aliyah Horton

Position: FAV



Date: March 26, 2025

To: The Honorable Pamela Beidle, Chair, Senate Finance Committee

From: Aliyah N. Horton, FASAE, CAE, Executive Director, 240-688-7808

Cc: Senate, Finance Committee

Re: FAVORABLE – HB 813 – Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers

The Maryland Pharmacists Association (MPhA) and the Maryland Pharmacy Coalition (MPC) support a favorable report of **HB 813 – Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers**. At the core, we must restore fairness to a system that is = rigged in favor of pharmacy benefit managers (PBMs) that profit at the expense of patients, pharmacies and payers.

As such, we support HB 813. As amended in the House, it requires the Maryland Insurance Administration (MIA) and the Maryland Department of Health (MDH) to convene a workgroup to study PBM practices in Maryland.

The workgroup includes appropriate representation of pharmacy stakeholders and will review all the issues our community has been raising for years in this committee including:

- How other states have implemented the payment/reimbursement reforms in the underlying bill;
- Savings that states can benefit from implementing the National Average Drug Acquisition Cost (NADAC) as a basis for drug reimbursements and a fee for service dispensing fee, within Medicaid
- Impact of specialty drugs and rebates; and
- Review of ERISA exemptions and other states' responses to the Rutledge vs. PCMA Supreme Court Ruling

The workgroup will yield recommendations for the General Assembly to move forward in mitigating the growth of pharmacy deserts in Maryland and to ensure patients have access to pharmacists and pharmacy services in their communities.

According to the Maryland Board of Pharmacy we have experienced a net 2% decrease in pharmacies each year over the last two fiscal years. Not addressing a fair payment model for pharmacies will continue to exacerbate growing pharmacy and healthcare deserts in Maryland.

The bill calls for pharmacies to be paid for the cost of the medications they dispense, and the time used for that process - based on REAL TRANSPARENT data –NADAC plus a dispensing fee based on the Department of Health's cost of dispensing survey. The payment model is inherently more transparent than the current system. It ties payments directly to drug acquisition costs rather than secret PBM calculations.

Despite its own data identifying the actual cost of dispensing medications, **the State of Maryland paid an average professional dispensing fee on each MCO pharmacy claim an average of 67 cents for CY 2021 and 59 cents for CY2022. The state, based on its PBM's administration of its pharmacy benefit, underpaid pharmacies approximately \$78.2 million dollars per year.**

In 2019 due to pharmacy community advocacy the Department of Health identified that PBMs were keeping approximately \$72 million in spread pricing. Spread pricing is the difference between how much a



PBM reimburses the pharmacy for a drug and the higher price they charge the plan (or state) for the same prescription. The state subsequently eliminated spread pricing and did nothing to address the under-reimbursement gap for pharmacies. As a result, pharmacies continue to close and PBMs continue to extract excessive profits from the system.

The committee has already received the FTC reports that have shown the massive profits being raked in by PBMs from spread pricing, shortchanging of pharmacy reimbursements, DIR fees, claw backs, patient steering, and markups on specialty drugs. These issues will not go away unless there is a legislative change.

This payment model is not put on any other healthcare provider. Other providers have options to cap the number of Medicaid patients they serve and even opt-out of individual plans. Pharmacy contracts do not allow that option – they are either in or out.

Pharmacies provide a safe space for pharmacists, as accessible health care providers, to serve their communities. They are also businesses that statutorily cannot operate like any other. They are not allowed to:

- pick and choose customers
- decide whether to take a contract or not
- refuse to dispense a medication if they cannot cover costs; or
- require a Medicaid patient to pay if they do not have the money.

The biggest threat to pharmacy access is the unchecked power of PBMs. The General Assembly must pass HB 813 to ensure:

- patients can access medications in their communities;
- transparency and predictable drug pricing and services for pharmacies; and
- sustainable pharmacy operations

MARYLAND PHARMACISTS ASSOCIATION - Founded in 1882, MPhA is the only state-wide professional society representing all practicing pharmacists, pharmacy technicians and student pharmacists in Maryland. Our mission is to strengthen the profession of pharmacy, advocate for all Maryland pharmacists and promote excellence in pharmacy practice.

MARYLAND PHARMACY COALITION

Full Members

- Maryland Pharmacists Association
- American Society of Consultant Pharmacists – Maryland Chapter
- Maryland Pharmaceutical Society
- Maryland Society of Health System Pharmacists
- University of Maryland Baltimore School of Pharmacy Student Government Association
- University of Maryland Eastern Shore School of Pharmacy Student Government Association
- Notre Dame of Maryland University School of Pharmacy Student Government Association

Affiliate Members

- University of Maryland Baltimore School of Pharmacy
- University of Maryland Eastern Shore School of Pharmacy
- Notre Dame of Maryland University School of Pharmacy
- Maryland Association of Chain Drug Stores

HB813_MACDS_FAV.pdf

Uploaded by: Sarah Price

Position: FAV

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

Position: Favorable

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

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

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

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

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

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

HB 813 - MDH - FIN - LOSWA.docx (1).pdf

Uploaded by: Meghan Lynch

Position: FWA



Wes Moore, Governor · Aruna Miller, Lt. Governor · Ryan Moran, DrPH, MHSA, Acting Secretary

March 26, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

RE: House Bill 813 – Pharmacy Benefits Administration – Maryland Medical Assistance Program and Pharmacy Benefits Managers – Letter of Support with Amendments

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of support with amendments for House Bill (HB) 813 – Pharmacy Benefits Administration – Maryland Medical Assistance Program and Pharmacy Benefits Managers.

As amended, HB 813 requires the Department and the Maryland Insurance Administration (MIA) to convene a workgroup to study several issues related to pharmacy benefits managers and to submit an interim report and final report with findings and recommendations to the Senate Finance Committee and the House Health and Government Operations Committee. HB 813 further requires the Department to study current reimbursement policies for pharmacists as well as practices in other states, review coverage requirements for specialty drugs, and review the Employee Retirement Income Security Act of 1974 (ERISA) exemptions for pharmacy benefits management regulation. The Department notes that an FTE (Health Policy Advanced, Grade 19) will be required to support the workgroup at a cost of \$112,555 TF (\$56,278 GF, \$56,278 FF) in FY26 and and \$102,464 (\$51,232 GF, \$51,232 GF) in FY27.

Due to the significant breadth and scope of the proposed study, the Department respectfully requests that the interim report deadline included in HB 813 be extended to reflect a due date of June 30, 2026.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,

Ryan Moran, DrPH, MHSA
Acting Secretary

In the Senate Finance Committee

AMENDMENTS TO HOUSE BILL 813

(Third Reading File Bill)

On page 5, in line 21, strike “December 31, 2025” and substitute “**June 30, 2026**”.

2025 HB813Amended Opp Pharmacy Benefits Managers.p

Uploaded by: Deborah Brocato

Position: UNF



HB813
2025

Opposition Statement HB813 after Amendments

Pharmacy Benefits Administration – Maryland Medical Assistance Program
and Pharmacy Benefits Managers
Deborah Brocato, Legislative Consultant
Maryland Right to Life

On behalf of our Board of Directors and members across the state, we respectfully ask for an amendment to HB813 that would exclude abortion purposes from the recommendations of the workgroup. Maryland Right to Life opposes the promotion and funding of abortion services and any policies that would increase the profit margin for the abortion industry including profits gained by pharmaceutical companies from sales of the dangerous abortion pills. The 2022 session of the Maryland General Assembly significantly lowered the standard of care for women and girls with The Abortion Care Access Act by removing the physician requirement for medical and surgical abortions. This law also requires funding of abortion by the taxpayers through Medicaid and private health insurance. Prescription for the dangerous and deadly abortion pills via telehealth has also put women at great risk. Maryland Right to Life requests an amendment excluding abortion purposes from the discussions and outcomes of the workgroup.

D-I-Y Abortions: While the Supreme Court imposed legal abortion on the states in their 1973 decisions *Roe v. Wade* and *Doe v. Bolton*, the promise was that abortion would be safe, legal and rare. But in 2016 the Court's decision in *Whole Woman's Health v. Hellerstedt* prioritized "mere access" to abortion facilities and abortion industry profitability over women's health and safety.

The abortion industry itself has referred to the use of abortion pills as "Do-It-Yourself" abortions, claiming that the method is safe and easy. Chemical abortions are 4 (four) times more dangerous than surgical abortions, presenting a high risk of hemorrhaging, infection, and even death. With the widespread distribution of chemical abortion pills, the demand on Emergency Room personnel to deal with abortion complications has increased 250%. The FDA has removed safeguards that prohibited the remote sale of chemical abortion pills leaving pregnant women and girls exposed to the predatory tele-abortion practices of the abortion industry.

Americans oppose taxpayer funding of abortion. Taxpayers should not be forced to fund elective abortions, which make up the vast majority of abortions committed in Maryland. Polls consistently show that 60% of Americans, pro-life and pro-choice, oppose taxpayer funding of abortion.

We encourage that the workgroup put patients over profits in their deliberations. Maryland Right to Life requests an amendment excluding abortion purposes from workgroup goals. Without it, we ask for an unfavorable report on HB813.