



Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

March 5, 2026

The Honorable Heather Bagnall
Chair, House Health Committee
241 House Office Building
Annapolis, MD 21401-1991

**RE: House Bill 1470 – Medical Assistance Programs – Drug Dispensing –
Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee – Letter of
Concern**

Dear Chair Bagnall and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of concern for House Bill (HB) 1470 – Medical Assistance Programs – Drug Dispensing – Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee. Effective in calendar year (CY) 2026, HB 1470 would require the Department to commit substantial resources to conducting a cost-of-dispensing (COD) survey every three years and to update its fee-for-service dispensing fee based on the survey results within six months.

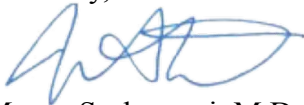
The Department is concerned that this bill creates a significant unfunded mandate that will have a substantial fiscal impact. To conduct the survey, approximately \$81,000 total funds (TF) (\$40,500 general funds (GF), \$40,500 federal funds (FF)), would be needed every three years. Overseeing this process and submitting regulations to increase the dispensing fees would require the hiring of an additional Health Policy Analyst, who would be compensated at \$72,158 TF (\$36,079 GF/\$36,079 FF). The most significant, but indeterminate cost, would be as a result of adjustments to current dispensing costs based on the COD survey. For example, funding even a \$1 increase to dispensing fees as the result of a survey would cost more than \$5.3 million TF (\$2.65 million GF, \$2.65 million FF) annually.

The Department notes that there are currently no federal requirements regarding how often COD surveys should be done and the Centers for Medicare and Medicaid Services has no requirements mandating that COD surveys be conducted on a specific schedule or timeframe so long as fees meet the general requirements of the Social Security Act (i.e., Section 1902(a)(30)(A)) relating to efficiency, economy, sufficiency and quality of care. Most states do not currently have a requirement to conduct COD surveys at specific intervals and tend to perform COD surveys on an ad hoc basis. Furthermore, not all states with COD survey frequency requirements mandate the automatic adoption of a new professional dispensing fee as a result of the survey findings.

Lastly, the Department is concerned that the requirement to adopt new dispensing fees within six months from the completion of a survey places a substantial administrative burden on the State and may not be feasible. The last COD survey conducted in Maryland began in June 2018 when the Department's contractor sent the survey to the participating pharmacies. Surveys were accepted through November 2018 and the results were published in January 2020. Maryland adopted new professional dispensing fees approximately one year later in January 2021.

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Governmental Affairs at meghan.lynch@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Meena Seshamani', with a stylized flourish at the end.

Meena Seshamani, M.D., Ph.D.
Secretary of Health