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By: **Senators Middleton, Hogan, Neall, and Stoltzfus**  
Introduced and read first time: February 4, 2000  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Pharmacies - Discounts for Medicare Beneficiaries**

3 FOR the purpose of requiring pharmacies, as a condition of participation in the  
4 Maryland Medical Assistance Program, to charge Medicare beneficiaries a  
5 certain price for prescriptions that does not exceed the Program's  
6 reimbursement rate for prescription medicines under certain circumstances;  
7 requiring the Department of Health and Mental Hygiene to provide a  
8 mechanism to calculate and transmit the price of the prescription to the  
9 pharmacy; requiring the Department to monitor pharmacy participation with  
10 the requirements of this Act; requiring a certain report on pharmacy  
11 participation on or before a certain date; requiring the Department of  
12 Legislative Services to report certain information under certain circumstances;  
13 requiring the evaluation of the continuation of this Act under certain  
14 circumstances; requiring a certain study of the adequacy of Program pharmacy  
15 reimbursement rates; providing for the termination of this Act; and generally  
16 relating to pharmacies providing discounts for Medicare beneficiaries as a  
17 condition of participation in the Maryland Medical Assistance Program.

18 BY adding to  
19 Article - Health Occupations  
20 Section 12-508  
21 Annotated Code of Maryland  
22 (1994 Replacement Volume and 1999 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Health Occupations**

26 12-508.

27 (A) IN THIS SECTION, "PROGRAM" MEANS THE MARYLAND MEDICAL  
28 ASSISTANCE PROGRAM.

1 (B) (1) AS A CONDITION OF A PHARMACY'S PARTICIPATION IN THE  
2 PROGRAM UNDER TITLE 15, SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE, THE  
3 PHARMACY, ON PRESENTATION OF A VALID PRESCRIPTION FOR THE PATIENT AND  
4 THE PATIENT'S MEDICARE CARD, SHALL CHARGE MEDICARE BENEFICIARIES:

5 (I) A PRICE THAT DOES NOT EXCEED THE PROGRAM'S  
6 REIMBURSEMENT RATE FOR PRESCRIPTION MEDICINES; AND

7 (II) AN AMOUNT, AS SET BY THE DEPARTMENT, TO COVER  
8 ELECTRONIC TRANSMISSION CHARGES.

9 (2) MEDICARE BENEFICIARIES MAY NOT BE ALLOWED TO USE THE  
10 PROGRAM REIMBURSEMENT RATE FOR OVER-THE-COUNTER MEDICATIONS OR  
11 COMPOUNDED PRESCRIPTIONS.

12 (C) THE DEPARTMENT SHALL PROVIDE A MECHANISM TO CALCULATE AND  
13 TRANSMIT THE PRICE TO THE PHARMACY , BUT MAY NOT APPLY ANY PROGRAM  
14 DRUG UTILIZATION REVIEW PROCESS FOR PURPOSES OF THIS SECTION.

15 (D) (1) THE DEPARTMENT SHALL MONITOR PHARMACY PARTICIPATION  
16 WITH THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION.

17 (2) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT  
18 SHALL, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE,  
19 REPORT TO THE SENATE FINANCE COMMITTEE AND THE HOUSE ENVIRONMENTAL  
20 MATTERS COMMITTEE ON PHARMACY PARTICIPATION WITH THE REQUIREMENTS OF  
21 SUBSECTION (B) OF THIS SECTION.

22 (3) THE REPORT SHALL INCLUDE INFORMATION ON ANY PHARMACIES  
23 THAT DISCONTINUE PARTICIPATION IN THE PROGRAM, AND THE REASONS GIVEN  
24 FOR THE DISCONTINUANCE.

25 (E) IF PRESCRIPTION DRUGS ARE ADDED TO THE SCOPE OF BENEFITS  
26 AVAILABLE UNDER THE FEDERAL MEDICARE PROGRAM:

27 (1) THE DEPARTMENT OF LEGISLATIVE SERVICES SHALL REPORT THAT  
28 FACT TO THE SENATE FINANCE COMMITTEE AND THE HOUSE ENVIRONMENTAL  
29 MATTERS COMMITTEE; AND

30 (2) THE SENATE FINANCE COMMITTEE AND THE HOUSE  
31 ENVIRONMENTAL MATTERS COMMITTEE SHALL EVALUATE THE NEED TO CONTINUE  
32 THE IMPLEMENTATION OF THIS SECTION.

33 (F) THE DEPARTMENT SHALL CONDUCT A STUDY OF THE ADEQUACY OF  
34 PROGRAM PHARMACY REIMBURSEMENT RATES INCLUDING THE COST OF PROVIDING  
35 PRESCRIPTION DRUGS AND SERVICES.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
37 October 1, 2000. It shall remain effective for a period of 3 years and, at the end of

- 1 September 30, 2003, with no further action required by the General Assembly, this
- 2 Act shall be abrogated and of no further force and effect.