

BY: Finance Committee

AMENDMENTS TO HOUSE BILL NO. 650

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after “Rates” insert “and Copayments”; in line 4, after the first “of” insert “altering the reimbursement under the Maryland Pharmacy Assistance Program for certain prescription drugs; requiring the Department of Health and Mental Hygiene to establish certain regulations for certain copayments;”; in the same line, after “Department” insert a comma; in the same line, strike “of Health and Mental Hygiene”; in line 5, strike “annual”; in the same line, after “to” insert “annually”; in line 7, strike “that considers” and substitute “, to consider”; strike beginning with “requiring” in line 10 down through “reports;” in line 11 and substitute “requiring the Department to consult with certain persons to identify and implement certain pharmacy cost containment measures; specifying the manner in which certain cost savings are to be used and certain cost containment measures are to be implemented under certain circumstances; requiring the Department to report to the Governor and certain committees of the General Assembly on or before certain dates;”; in line 12, strike “of” and substitute “under”; in line 13, after “system” insert “and reimbursement and copayments under the Maryland Pharmacy Assistance Program”; and after line 13, insert:

“BY repealing and reenacting, with amendments,

Article - Health - General

Section 15-124(b)

Annotated Code of Maryland

(2000 Replacement Volume and 2001 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 18, insert:

“Article - Health - General

15-124.

(Over)

(b) (1) (i) Reimbursement under the Maryland Pharmacy Assistance Program [shall] MAY be limited to maintenance drugs, anti-infectives, and AZT as specified in regulations to be issued by the Secretary after consultation with the Maryland Pharmacists Association.

(ii) 1. For any drug on the Program's interchangeable drug list, the Program shall reimburse providers in an amount not more than it would reimburse for the drug's generic equivalent, unless the individual's physician states, in his or her own handwriting, on the face of the prescription, that a specific brand is "medically necessary" for the particular patient.

2. If an appropriate generic drug is not generally available, the Department may waive the reimbursement requirement under sub-subparagraph 1 of this subparagraph.

(2) (I) The reimbursement shall be up to the amount paid for the same items or services under the pharmacy program of the Maryland Medical Assistance Program and shall be subject to a copayment [of not more than \$5.00 for each covered item or service] AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH.

(II) 1. THE DEPARTMENT SHALL ADOPT REGULATIONS TO ESTABLISH COPAYMENTS FOR PRESCRIPTION DRUGS UNDER THE PHARMACY PROGRAM OF THE MARYLAND MEDICAL ASSISTANCE PROGRAM.

2. THE REGULATIONS MAY PROVIDE FOR A SYSTEM OF TIERED COPAYMENTS, INCLUDING DIFFERENT COPAYMENTS FOR DIFFERENT CLASSES OF DRUGS, OR OTHER DIFFERENTIAL COPAYMENTS."

AMENDMENT NO. 3

On pages 2 and 3, strike in their entirety the lines beginning with line 26 on page 2 through line 20 on page 3, inclusive, and substitute:

“(a) The Department of Health and Mental Hygiene shall establish a process to annually set the fee-for-service reimbursement rates for the public mental health system in a manner that ensures participation of providers.

(b) In determining the rates for outpatient mental health clinics, the Department shall consider the Medicare-allowable charges for comparable CPT Codes.

(c) In determining the rates for public mental health system services having no Medicare CPT Code equivalent, the Department shall consider the reasonable costs of and the Medicare Principles of Reimbursement for relevant factors, including:

- (1) staffing;
- (2) overhead;
- (3) capital needs; and
- (4) annual medical inflation.

(d) On or before September 1 of each year, the Department shall report to the Governor, and in accordance with § 2-1246 of the State Government Article, the Senate Finance Committee, the Senate Budget and Taxation Committee, the House Environmental Matters Committee, and the House Appropriations Committee on:

- (1) its progress in complying with subsections (a), (b), and (c) of this section;
- (2) an analysis of the estimated costs of implementing the fee-for-service reimbursement rate system proposed under subsections (a), (b), and (c) of this section;
- (3) any proposed changes to the fee-for-service reimbursement rates for the public mental health system; and
- (4) the schedule for implementing any proposed changes.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) The Department of Health and Mental Hygiene shall consult with representatives of the pharmaceutical and pharmacy industries, authorized prescribers, and patient advocates to identify and implement alternative pharmacy cost containment measures in the Maryland Medical Assistance

(Over)

Program and MPAP.

(b) In fiscal year 2003, any cost savings obtained at the result of alternative cost containment measures implemented under subsection (a) of this section shall be used by the Department to offset pharmacy reimbursement cost containment measures.

(c) (1) The Department may not implement a reduction in the pharmacy reimbursement rate until October 1, 2002.

(2) By October 1, 2002, if additional cost savings obtained as a result of alternative cost containment measures are not sufficient to ensure that on an annualized basis the pharmacy cost containment assumed in the fiscal 2003 budget will be achieved, the Department shall implement cost containment measures with respect to pharmacy reimbursement in a manner that achieves the level of savings that would have been achieved if the pharmacy reimbursement reduction took effect on July 1, 2002.

(d) On or before October 1, 2002, the Department shall report, in accordance with § 2-1246 of the State Government Article, to the Senate Finance Committee, the Senate Budget and Taxation Committee, the House Economic Matters Committee, and the House Environmental Matters Committee on the measures that have been taken to identify and implement alternative cost containment measures and the projected cost savings attributed to these measures.

(e) On or before October 1, 2002, the Department shall report, in accordance with § 2-1246 of the State Government Article, to the Senate Finance Committee, the Senate Budget and Taxation Committee, the House Economic Matters Committee, and the House Environmental Matters Committee on the pharmacy dispensing fee for the Medicaid program and MPAP. In preparing the report, the Department shall consult with representatives from the community and independent pharmacies. The report may include the following:

(1) an analysis of the dispensing fee structure in other states;

(2) an analysis of current reports and literature concerning dispensing fees in state prescription drug programs; and

(3) a review of industry-supplied surveys concerning the time and associated costs of dispensing.”.

On page 3, in line 21, strike “2.” and substitute “4.”.