

BY: Conference Committee

AMENDMENTS TO SENATE BILL NO. 481

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with the first “Maryland” in line 2 down through “System” in line 3 and substitute “Department of Health and Mental Hygiene”; in line 4, after the first “of” insert “altering the reimbursement under the Maryland Pharmacy Assistance Program for certain prescription drugs;”; strike beginning with “to” in line 4 down through “establish” in line 5 and substitute “in developing”; in line 5, strike “annual”; in the same line after “to” insert “annually”; strike beginning with the second “certain” in line 5 through “reflect” in line 6 and substitute “the Maryland Medical Assistance Program and the Maryland Children’s Health Program that considers”; in line 6, strike “rates,”; in line 7, strike the comma; in the same line, after “codes;” insert “requiring the Department to establish a certain annual process to set reimbursement rates for the public mental health system that considers certain costs; requiring the Department to consult with certain persons to identify and implement certain pharmacy cost containment measures; prohibiting the Department from implementing a reduction in a certain pharmacy reimbursement rate until a certain date; prohibiting the Department from increasing a certain total copayment collection; requiring the Department to implement certain cost containment measures under certain circumstances; requiring the Department to report to the Governor and certain committees of the General Assembly on or before certain dates; authorizing the Department to implement certain measures to encourage the use of certain drugs on a preferred list;”; strike beginning with “requiring” in line 7 down through “changes;” in line 8; in line 10, after “system” insert “and reimbursement and copayments under the Medicaid and the Maryland Pharmacy Assistance Program”; and after line 10, insert:

“BY repealing and reenacting, with amendments,

Article - Health - General

Section 15-124(b)(1)

Annotated Code of Maryland

(2000 Replacement Volume and 2001 Supplement)”.

(Over)

AMENDMENT NO. 2

On page 1, after line 15, insert:

“Article - Health - General

15-124.

(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.”;

in line 19, strike the bracket; in line 20, strike the bracket; and in line 22, strike the bracket.

On page 2, in line 2, strike “[ AND THAT”]; in the same line, strike “CONSIDERS”; in line 3, strike the first set of brackets; in the same line, strike “(1)”; in the same line, strike the second set of brackets; in line 5, strike the brackets; in the same line, strike “(2)”; and strike in their entirety lines 23 through 35, 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.

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

(Over)

(2) The Department of Health and Mental Hygiene may not increase the total copayment collection from enrollees in the Medicaid program, including enrollees in managed care organizations.

(c) On or before 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 of Health and Mental Hygiene 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 and Maryland Pharmacy Assistance Programs. 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.

(f) The Department of Health and Mental Hygiene may implement measures to

encourage the use of medically appropriate generic drugs and those brand name drugs on a preferred drug list, including:

(1) the use of tiered copayments for Medicaid and the Maryland Pharmacy Assistance Program provided that the amounts set for those copayments do not result in an increase in total copayment collections;

(2) the use of differential dispensing fees to pharmacies provided that the amounts set for those dispensing fees remain revenue neutral;

(3) the use of consultation payments to pharmacies, similar to those used in the State Employee Health Benefits Plan, to encourage communication between patients, prescribers, and pharmacists regarding cost-effective drug therapies; and

(4) the implementation of education programs on the use of preferred drugs for prescribers that participate in the Medicaid and Maryland Pharmacy Assistance Programs.”.

AMENDMENT NO. 3

On page 3, in line 1, strike “3.” and substitute “4.”.