
By: **Delegate Bohanan**

Introduced and read first time: March 6, 2006

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Health and Mental Hygiene - Cost of Dispensing Prescription**
 3 **Drugs - Study**

4 FOR the purpose of requiring the Department of Health and Mental Hygiene to
 5 conduct a study to determine certain costs of dispensing certain prescription
 6 drugs and certain costs of dispensing certain Medicaid prescriptions; requiring
 7 the consideration of certain factors in determining the cost of dispensing certain
 8 Medicaid prescriptions; requiring the Department to issue a certain request for
 9 proposal in certain circumstances; requiring a certain request for proposal to
 10 include certain requirements; requiring the Department or a certain entity to
 11 publish publicly the results of a certain study; requiring the results of a certain
 12 study be published in a certain manner; requiring the Department to submit a
 13 certain report including certain information to the Governor and the General
 14 Assembly by a certain date each year; requiring the Department to use certain
 15 findings to establish a certain fee; requiring a certain fee to reflect a certain cost
 16 of dispensing prescription drugs as determined by a certain study; defining a
 17 certain term; and generally relating to the Department of Health and Mental
 18 Hygiene and a study to determine the cost of dispensing prescription drugs.

19 BY adding to
 20 Article - Health - General
 21 Section 21-228
 22 Annotated Code of Maryland
 23 (2005 Replacement Volume and 2005 Supplement)

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

26 **Article - Health - General**

27 21-228.

28 (A) (1) IN THIS SECTION, "COST OF DISPENSING" MEANS THE AMOUNT OF
 29 MONEY IT COSTS A PHARMACY TO DISPENSE A PHARMACEUTICAL PRODUCT AND
 30 PROVIDE PHARMACY SERVICES TO A PERSON.

1 (2) "COST OF DISPENSING" INCLUDES:

2 (I) OPERATIONAL AND OVERHEAD COSTS;

3 (II) PROFESSIONAL COUNSELING FEES;

4 (III) SALARIES FOR PHARMACY PERSONNEL;

5 (IV) ASSOCIATED ADMINISTRATIVE COSTS; AND

6 (V) PROFIT MARGIN.

7 (B) (1) THE DEPARTMENT SHALL CONDUCT ANNUALLY A STUDY TO
8 DETERMINE:

9 (I) THE AVERAGE COST OF DISPENSING PRESCRIPTION DRUGS IN
10 THIS STATE; AND

11 (II) THE AVERAGE ADDITIONAL COST OF DISPENSING MEDICAID
12 PRESCRIPTIONS IN THIS STATE.

13 (2) IN DETERMINING THE AVERAGE ADDITIONAL COST OF DISPENSING
14 A MEDICAID PRESCRIPTION THE STUDY SHALL CONSIDER THE FOLLOWING
15 FACTORS:

16 (I) COSTS RELATING TO THE COORDINATION OF BENEFITS;

17 (II) BAD DEBT;

18 (III) UNCOLLECTED COPAYS;

19 (IV) PAYMENT LAG TIMES;

20 (V) THE RATE OF REJECTED CLAIMS; AND

21 (VI) ANY OTHER COSTS ASSOCIATED WITH PROCESSING A
22 MEDICAID PRESCRIPTION.

23 (C) (1) IF THE DEPARTMENT CHOOSES TO HAVE A HIGHER EDUCATION
24 INSTITUTION OR PRIVATE ENTITY CONDUCT THE STUDY OR ANY PART OF THE
25 STUDY, THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSAL TO SELECT THE
26 ENTITY THAT WILL CONDUCT THE STUDY OR THE RELEVANT PART OF THE STUDY.

27 (2) THE REQUEST FOR PROPOSAL ISSUED UNDER PARAGRAPH (1) OF
28 THIS SECTION SHALL INCLUDE:

29 (I) A REQUIREMENT THAT THE PROPOSING ENTITY HAVE
30 EXPERIENCE CONDUCTING BUSINESS COST ALLOCATION STUDIES; AND

31 (II) A SUBMISSION OF THE PROPOSING ENTITY'S PROPOSED
32 RESEARCH METHODOLOGY FOR DETERMINING THE COST OF DISPENSING.

1 (D) (1) THE DEPARTMENT OR ENTITY CONDUCTING THE STUDY SHALL
2 PUBLISH PUBLICLY THE RESULTS OF THE STUDY.

3 (2) THE RESULTS OF THE STUDY SHALL BE PUBLISHED IN A MANNER
4 THAT DOES NOT IDENTIFY THE SOURCE OF DATA FOR THE STUDY.

5 (E) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT SHALL
6 SUBMIT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT
7 ARTICLE, THE GENERAL ASSEMBLY, A REPORT THAT INCLUDES:

8 (1) THE RESULTS OF THE STUDY;

9 (2) THE CURRENT LEVEL OF THE DISPENSING FEE PAID TO PROVIDERS
10 OF PHARMACEUTICAL PRODUCTS; AND

11 (3) AN ESTIMATE OF THE REVENUES THAT WOULD BE REQUIRED TO
12 ADJUST REIMBURSEMENT RATES TO COVER PHARMACY COSTS.

13 (F) (1) THE DEPARTMENT SHALL USE THE FINDINGS OF THE REPORT TO
14 ESTABLISH THE DISPENSING FEES FOR DISPENSING MEDICATIONS TO MEDICAID
15 RECIPIENTS.

16 (2) THE DISPENSING FEE ESTABLISHED UNDER PARAGRAPH (1) OF THIS
17 SUBSECTION SHALL REFLECT THE AVERAGE COST OF DISPENSING PRESCRIPTION
18 DRUGS AS DETERMINED BY THE STUDY.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2006.