

# CHAPTER 279

(House Bill 580)

AN ACT concerning

## **Pharmacy Benefits Managers – Pharmacy and Therapeutics Committee Committees**

FOR the purpose of establishing certain requirements for ~~members of~~ a pharmacy and therapeutics committee of a pharmacy benefits manager; requiring a pharmacy benefits manager to ensure that its pharmacy and therapeutics committee has certain policies and procedures; requiring a pharmacy benefits manager to disclose information about the composition of its pharmacy and therapeutics committee to a certain person under certain circumstances; prohibiting a pharmacy benefits manager from requiring a pharmacist to participate on its pharmacy and therapeutics committee; authorizing the Maryland Insurance Commissioner to adopt certain regulations; making certain provisions of law applicable to health maintenance organizations; defining certain terms; and generally relating to regulation of pharmacy benefits managers.

BY adding to

Article – Insurance  
Section 15–1601 and 15–1602 to be under the new subtitle “Subtitle 16.  
Pharmacy Benefits Managers”  
Annotated Code of Maryland  
(2006 Replacement Volume and 2007 Supplement)

BY adding to

Article – Health – General  
Section 19–706(ppp)  
Annotated Code of Maryland  
(2005 Replacement Volume and 2007 Supplement)

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

### **Article – Insurance**

#### **SUBTITLE 16. PHARMACY BENEFITS MANAGERS.**

##### **15–1601.**

~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(2) (i) "PHARMACY BENEFITS MANAGEMENT SERVICES" MEANS THE ADMINISTRATION OR MANAGEMENT OF PRESCRIPTION DRUG BENEFITS.~~

~~(ii) "PHARMACY BENEFITS MANAGEMENT SERVICES" INCLUDES:~~

~~1. PROCUREMENT OF PRESCRIPTION DRUGS AT A NEGOTIATED RATE FOR DISPENSATION WITHIN THE STATE;~~

~~2. PROCESSING OF PRESCRIPTION DRUG CLAIMS;~~

~~3. ADMINISTRATION OF PAYMENTS RELATED TO PRESCRIPTION DRUG CLAIMS; AND~~

~~4. NEGOTIATING OR ENTERING INTO CONTRACTUAL ARRANGEMENTS WITH PHARMACY PROVIDERS.~~

~~(3) "PHARMACY BENEFITS MANAGER" MEANS A PERSON THAT PERFORMS PHARMACY BENEFITS MANAGEMENT SERVICES.~~

~~(B) THE PROVISIONS OF THIS SECTION DO NOT APPLY TO A MANAGED CARE ORGANIZATION AUTHORIZED BY TITLE 15, SUBTITLE 1 OF THE HEALTH GENERAL ARTICLE.~~

~~(C) THE PROVISIONS OF THIS SECTION DO NOT APPLY TO AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION, OR AN AFFILIATE, SUBSIDIARY, OR OTHER RELATED ENTITY OF AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION ACTING OR REPRESENTING ITSELF AS A PHARMACY BENEFITS MANAGER IF:~~

~~(1) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION OR THE AFFILIATE, SUBSIDIARY, OR OTHER RELATED ENTITY OF THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION DIRECTLY OFFERS OR PROVIDES PHARMACY BENEFITS MANAGEMENT SERVICES; AND~~

~~(2) THE PHARMACY BENEFITS MANAGEMENT SERVICES ARE OFFERED OR PROVIDED ONLY TO ENROLLEES, SUBSCRIBERS, OR INSUREDS WHO ALSO ARE COVERED BY HEALTH BENEFITS OFFERED OR PROVIDED BY THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION.~~

~~(D) (1) EACH MEMBER OF A PHARMACY AND THERAPEUTICS COMMITTEE OF A PHARMACY BENEFITS MANAGER SHALL BE:~~

~~(I) A PHYSICIAN OR OTHER AUTHORIZED PRESCRIBER, A PHARMACIST, OR A FACULTY MEMBER OF AN ACADEMIC MEDICAL CENTER; AND~~

~~(II) DISCLOSED BY NAME TO THE PURCHASER ON REQUEST.~~

~~(2) A MAJORITY OF COMMITTEE MEMBERS MAY NOT BE EMPLOYED BY THE PHARMACY BENEFITS MANAGER.~~

~~(E) A PHARMACY AND THERAPEUTICS COMMITTEE MEMBER MAY NOT:~~

~~(1) BE AN OFFICER, EMPLOYEE, DIRECTOR, OR AGENT OF A PHARMACEUTICAL MANUFACTURER; OR~~

~~(2) HAVE A FINANCIAL INTEREST IN A PHARMACEUTICAL MANUFACTURER, OTHER THAN OWNERSHIP OF A NOMINAL NUMBER OF SHARES OF THE PHARMACEUTICAL MANUFACTURER'S STOCK, PURCHASED ON A NATIONAL SECURITIES EXCHANGE.~~

~~(F) (1) A PHARMACY BENEFITS MANAGER MAY NOT REQUIRE A PHARMACY TO PARTICIPATE IN A PHARMACY AND THERAPEUTICS COMMITTEE.~~

~~(2) IF A PHARMACY AGREES TO PARTICIPATE IN A PHARMACY AND THERAPEUTICS COMMITTEE, THE PHARMACY BENEFITS MANAGER SHALL REIMBURSE ANY EXPENSES INCURRED BY THE PHARMACY AS A RESULT OF ITS PARTICIPATION.~~

## 15-1601.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BENEFICIARY" MEANS AN INDIVIDUAL WHO RECEIVES PRESCRIPTION DRUG COVERAGE OR BENEFITS FROM A PURCHASER.

(C) "ERISA" HAS THE MEANING STATED IN § 8-301 OF THIS ARTICLE.

(D) "FORMULARY" MEANS A LIST OF PRESCRIPTION DRUGS USED BY A PURCHASER.

(E) "NONPROFIT HEALTH MAINTENANCE ORGANIZATION" HAS THE MEANING STATED IN § 6-121(A) OF THIS ARTICLE.

(F) (1) "PHARMACY BENEFITS MANAGEMENT SERVICES" MEANS:

(I) THE PROCUREMENT OF PRESCRIPTION DRUGS AT A NEGOTIATED RATE FOR DISPENSATION WITHIN THE STATE TO BENEFICIARIES;

(II) THE ADMINISTRATION OR MANAGEMENT OF PRESCRIPTION DRUG COVERAGE PROVIDED BY A PURCHASER FOR BENEFICIARIES; AND

(III) ANY OF THE FOLLOWING SERVICES PROVIDED WITH REGARD TO THE ADMINISTRATION OF PRESCRIPTION DRUG COVERAGE:

1. MAIL SERVICE PHARMACY;

2. CLAIMS PROCESSING, RETAIL NETWORK MANAGEMENT AND PAYMENT OF CLAIMS TO PHARMACIES FOR PRESCRIPTION DRUGS DISPENSED TO BENEFICIARIES;

3. CLINICAL FORMULARY DEVELOPMENT AND MANAGEMENT SERVICES;

4. REBATE CONTRACTING AND ADMINISTRATION;

5. PATIENT COMPLIANCE, THERAPEUTIC INTERVENTION, AND GENERIC SUBSTITUTION PROGRAMS; OR

6. DISEASE MANAGEMENT PROGRAMS.

(2) "PHARMACY BENEFITS MANAGEMENT SERVICES" DOES NOT INCLUDE ANY SERVICE PROVIDED BY A NONPROFIT HEALTH MAINTENANCE ORGANIZATION THAT OPERATES AS A GROUP MODEL, PROVIDED THAT THE SERVICE:

(I) IS PROVIDED SOLELY TO A MEMBER OF THE NONPROFIT HEALTH MAINTENANCE ORGANIZATION; AND

(II) IS FURNISHED THROUGH THE INTERNAL PHARMACY OPERATIONS OF THE NONPROFIT HEALTH MAINTENANCE ORGANIZATION.

(G) "PHARMACY BENEFITS MANAGER" MEANS A PERSON THAT PERFORMS PHARMACY BENEFITS MANAGEMENT SERVICES.

**(H) "PHARMACY AND THERAPEUTICS COMMITTEE" MEANS A COMMITTEE ESTABLISHED BY A PHARMACY BENEFITS MANAGER TO:**

**(1) OBJECTIVELY APPRAISE AND EVALUATE PRESCRIPTION DRUGS; AND**

**(2) MAKE RECOMMENDATIONS TO A PURCHASER REGARDING THE SELECTION OF DRUGS FOR THE PURCHASER'S FORMULARY.**

**(I) (1) "PURCHASER" MEANS THE STATE EMPLOYEE AND RETIREE HEALTH AND WELFARE BENEFITS PROGRAM, AN INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A HEALTH MAINTENANCE ORGANIZATION THAT:**

**(I) PROVIDES PRESCRIPTION DRUG COVERAGE OR BENEFITS IN THE STATE; AND**

**(II) ENTERS INTO AN AGREEMENT WITH A PHARMACY BENEFITS MANAGER FOR THE PROVISION OF PHARMACY BENEFITS MANAGEMENT SERVICES.**

**(2) "PURCHASER" DOES NOT INCLUDE A PERSON THAT PROVIDES PRESCRIPTION DRUG COVERAGE OR BENEFITS THROUGH PLANS SUBJECT TO ERISA AND DOES NOT PROVIDE PRESCRIPTION DRUG COVERAGE OR BENEFITS THROUGH INSURANCE, UNLESS THE PERSON IS A MULTIPLE EMPLOYER WELFARE ASSOCIATION ARRANGEMENT AS DEFINED IN § 514(B)(6)(A)(II) OF ERISA.**

**15-1602.**

**(A) A PHARMACY AND THERAPEUTICS COMMITTEE ESTABLISHED BY A PHARMACY BENEFITS MANAGER SHALL MEET THE REQUIREMENTS OF THIS SECTION.**

**(B) (1) A PHARMACY AND THERAPEUTICS COMMITTEE SHALL:**

**(I) INCLUDE CLINICAL SPECIALISTS THAT REPRESENT THE NEEDS OF A PURCHASER'S BENEFICIARIES; AND**

**(II) INCLUDE AT LEAST ONE PRACTICING PHARMACIST AND ONE PRACTICING PHYSICIAN WHO ARE INDEPENDENT OF ANY DEVELOPER OR MANUFACTURER OF PRESCRIPTION DRUGS.**

**(2) EACH MEMBER OF A PHARMACY AND THERAPEUTICS COMMITTEE SHALL SIGN A CONFLICT OF INTEREST STATEMENT UPDATED AT LEAST ANNUALLY DISCLOSING ANY ECONOMIC INTEREST OR RELATIONSHIP THAT COULD INFLUENCE THE PHARMACY AND THERAPEUTICS COMMITTEE'S DECISIONS.**

**(3) A MAJORITY OF THE MEMBERS OF A PHARMACY AND THERAPEUTICS COMMITTEE SHALL BE PRACTICING PHYSICIANS OR PRACTICING PHARMACISTS.**

**(C) A PHARMACY BENEFITS MANAGER SHALL ENSURE THAT ITS PHARMACY AND THERAPEUTICS COMMITTEE HAS:**

**(1) POLICIES AND PROCEDURES, INCLUDING DISCLOSURE REQUIREMENTS, TO ADDRESS POTENTIAL CONFLICTS OF INTEREST THAT MEMBERS OF THE PHARMACY AND THERAPEUTICS COMMITTEE MAY HAVE WITH DEVELOPERS OR MANUFACTURERS OF PRESCRIPTION DRUGS;**

**(2) A PROCESS TO EVALUATE MEDICAL AND SCIENTIFIC EVIDENCE CONCERNING THE SAFETY AND EFFECTIVENESS OF PRESCRIPTION DRUGS, INCLUDING AVAILABLE COMPARATIVE INFORMATION ON CLINICALLY SIMILAR PRESCRIPTION DRUGS, WHEN DECIDING WHAT PRESCRIPTION DRUGS TO RECOMMEND TO INCLUDE ON A FORMULARY;**

**(3) A PROCESS TO EVALUATE MEDICAL AND SCIENTIFIC EVIDENCE CONCERNING THE SAFETY AND EFFECTIVENESS OF PRESCRIPTION DRUGS WHEN RECOMMENDING UTILIZATION REVIEW REQUIREMENTS, DOSE RESTRICTIONS, AND STEP THERAPY REQUIREMENTS; AND**

**(4) A PROCESS TO ENABLE THE PHARMACY AND THERAPEUTICS COMMITTEE TO CONSIDER THE NEED TO RECOMMEND A FORMULARY CHANGE TO A PURCHASER IN A TIMELY MANNER BUT AT LEAST ANNUALLY.**

**(D) THE COMMISSIONER MAY CONSIDER A PHARMACY AND THERAPEUTICS COMMITTEE OF A PHARMACY BENEFITS MANAGER AS HAVING MET THE REQUIREMENTS OF SUBSECTIONS (B) AND (C) OF THIS SECTION IF THE PHARMACY BENEFITS MANAGER HAS OBTAINED ACCREDITATION FROM AN ACCREDITING ORGANIZATION APPROVED BY THE COMMISSIONER.**

**(E) ON REQUEST OF A PURCHASER FOR WHICH THE PHARMACY AND THERAPEUTICS COMMITTEE MAKES RECOMMENDATIONS, A PHARMACY BENEFITS MANAGER SHALL DISCLOSE INFORMATION ABOUT THE COMPOSITION OF ITS PHARMACY AND THERAPEUTICS COMMITTEE TO THE PURCHASER.**

**(F) A PHARMACY BENEFITS MANAGER MAY NOT REQUIRE A PHARMACIST TO PARTICIPATE ON ITS PHARMACY AND THERAPEUTICS COMMITTEE.**

**(G) ON OR BEFORE APRIL 1, 2009, THE THE COMMISSIONER SHALL MAY ADOPT REGULATIONS TO IMPLEMENT THIS SECTION SUBTITLE.**

**(H) THE COMMISSIONER MAY ASSESS A CIVIL PENALTY NOT EXCEEDING \$5,000 FOR EACH VIOLATION OF THIS SECTION.**

**Article – Health – General**

19–706.

**(PPP) THE PROVISIONS OF § 15–1601 TITLE 15, SUBTITLE 16 OF THE INSURANCE ARTICLE APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2008.

**Approved by the Governor, April 24, 2008.**