By: Delegate Kipke
Introduced and read first time: January 31, 2020
Assigned to: Health and Government Operations

A BILL ENTITLED

AN ACT concerning

Maryland Medical Assistance Program and Managed Care Organizations That Use Pharmacy Benefits Managers – Reimbursement Requirements

FOR the purpose of requiring the Maryland Medical Assistance Program to establish reimbursement levels, rather than maximum reimbursement levels, for certain drug products; requiring that certain minimum reimbursement levels be at least equal to a certain drug acquisition cost plus a certain fee; altering the cost on which a certain reimbursement level is required to be based; providing that certain provisions of this Act apply to managed care organizations that use pharmacy benefits managers to manage prescription drug coverage; requiring a pharmacy benefits manager that contracts with a pharmacy on behalf of a managed care organization to reimburse the pharmacy an amount that is at least equal to a certain cost plus a certain fee; making this Act an emergency measure; and generally relating to the Maryland Medical Assistance Program and managed care organizations that use pharmacy benefits managers.

BY repealing and reenacting, with amendments,

Article – Health – General
Section 15–118(b)
Annotated Code of Maryland
(2019 Replacement Volume)

BY adding to
Article – Health – General
Section 15–118(f)
Annotated Code of Maryland
(2019 Replacement Volume)

BY adding to
Article – Insurance
Section 15–1632

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
Brackets indicate matter deleted from existing law.
Annotated Code of Maryland

(2017 Replacement Volume and 2019 Supplement)

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

Article – Health – General

15–118.

(b) (1) [Except] Subject to paragraph (2) of this subsection and except as provided under paragraph [(2)] (3) of this subsection, the Program shall establish [maximum] reimbursement levels for the drug products for which there is a generic equivalent authorized under § 12–504 of the Health Occupations Article[, based on the cost of the generic product].

(2) Minimum reimbursement levels established under paragraph (1) of this subsection shall be at least equal to the National Average Drug Acquisition Cost of the generic product plus the fee–for–service professional dispensing fee determined by the Department in accordance with the most recent in–State cost–of–dispensing survey.

[(2)] (3) If a prescriber directs a specific brand name drug, the reimbursement level shall be based on the [cost] National Average Drug Acquisition Cost of the brand name product plus the fee–for–service professional dispensing fee determined by the Department in accordance with the most recent in–State cost–of–dispensing survey.

(f) The provisions of § 15–1632 of the Insurance Article apply to a managed care organization that uses a pharmacy benefits manager to manage prescription drug coverage benefits on behalf of the managed care organization.

Article – Insurance

15–1632.

A pharmacy benefits manager that contracts with a pharmacy on behalf of a managed care organization, as defined in § 15–101 of the Health – General Article, shall reimburse the pharmacy an amount that is at least equal to the National Average Drug Acquisition Cost plus the fee–for–service professional dispensing fee determined by the Maryland Department of Health for the Maryland Medical Assistance
PROGRAM IN ACCORDANCE WITH THE MOST RECENT IN-STATE COST-OF-DISPENSING SURVEY.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.