

# HOUSE BILL 602

C3  
HB 756/20 – HGO

EMERGENCY BILL

1lr1584

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By: **Delegate Kipke**

Introduced and read first time: January 20, 2021

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

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

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

16 BY repealing and reenacting, with amendments,  
17 Article – Health – General  
18 Section 15–118(b)  
19 Annotated Code of Maryland  
20 (2019 Replacement Volume and 2020 Supplement)

21 BY adding to  
22 Article – Health – General  
23 Section 15–118(f)  
24 Annotated Code of Maryland  
25 (2019 Replacement Volume and 2020 Supplement)

26 BY adding to  
27 Article – Insurance  
28 Section 15–1632

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2017 Replacement Volume and 2020 Supplement)

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

5 **Article – Health – General**

6 15–118.

7 (b) (1) [Except] **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND**  
8 **EXCEPT** as provided under paragraph [(2)] **(3)** of this subsection, the Program shall  
9 establish [maximum] reimbursement levels for the drug products for which there is a  
10 generic equivalent authorized under § 12–504 of the Health Occupations Article[, based on  
11 the cost of the generic product].

12 **(2) MINIMUM REIMBURSEMENT LEVELS ESTABLISHED UNDER**  
13 **PARAGRAPH (1) OF THIS SUBSECTION SHALL BE AT LEAST EQUAL TO THE NATIONAL**  
14 **AVERAGE DRUG ACQUISITION COST OF THE GENERIC PRODUCT PLUS THE**  
15 **FEE-FOR-SERVICE PROFESSIONAL DISPENSING FEE DETERMINED BY THE**  
16 **DEPARTMENT IN ACCORDANCE WITH THE MOST RECENT IN-STATE**  
17 **COST-OF-DISPENSING SURVEY.**

18 [(2)] **(3)** If a prescriber directs a specific brand name drug, the  
19 reimbursement level shall be based on the [cost] **NATIONAL AVERAGE DRUG**  
20 **ACQUISITION COST** of the brand name product **PLUS THE FEE-FOR-SERVICE**  
21 **PROFESSIONAL DISPENSING FEE DETERMINED BY THE DEPARTMENT IN**  
22 **ACCORDANCE WITH THE MOST RECENT IN-STATE COST-OF-DISPENSING SURVEY.**

23 **(F) THE PROVISIONS OF § 15–1632 OF THE INSURANCE ARTICLE APPLY TO**  
24 **A MANAGED CARE ORGANIZATION THAT USES A PHARMACY BENEFITS MANAGER TO**  
25 **MANAGE PRESCRIPTION DRUG COVERAGE BENEFITS ON BEHALF OF THE MANAGED**  
26 **CARE ORGANIZATION.**

27 **Article – Insurance**

28 15–1632.

29 **A PHARMACY BENEFITS MANAGER THAT CONTRACTS WITH A PHARMACY ON**  
30 **BEHALF OF A MANAGED CARE ORGANIZATION, AS DEFINED IN § 15–101 OF THE**  
31 **HEALTH – GENERAL ARTICLE, SHALL REIMBURSE THE PHARMACY AN AMOUNT**  
32 **THAT IS AT LEAST EQUAL TO THE NATIONAL AVERAGE DRUG ACQUISITION COST**  
33 **PLUS THE FEE-FOR-SERVICE PROFESSIONAL DISPENSING FEE DETERMINED BY THE**  
34 **MARYLAND DEPARTMENT OF HEALTH FOR THE MARYLAND MEDICAL ASSISTANCE**

1 PROGRAM IN ACCORDANCE WITH THE MOST RECENT IN-STATE  
2 COST-OF-DISPENSING SURVEY.

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