

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 603 (Delegate Kipke)  
Health and Government Operations

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Health Insurance - Pharmacy Benefits Managers - Explanation of Benefits  
Statements

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This bill requires a pharmacy benefits manager (PBM), on a quarterly basis, to provide a specified explanation of benefits (EOB) statement to each beneficiary for whom the PBM processed or paid a claim during the immediately preceding three-month period. The bill does not affect the EOB that insurers and nonprofit health service plans must provide to an insured individual who has filed a claim. **The bill takes effect January 1, 2022, and applies to all policies or contracts issued, delivered, or renewed in the State on or after that date.**

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Fiscal Summary

**State Effect:** Minimal special fund revenue increase from the \$125 rate and form filing fee in FY 2022. Maryland Insurance Administration (MIA) review of additional filings may necessitate contractual support in FY 2022 only. Application of existing penalties is not anticipated to materially affect State finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** An EOB statement must accurately and clearly set forth, with respect to each claim, (1) the copayment of cost-sharing amount paid by the beneficiary; (2) the amount of the payment, reimbursement, or other disbursement made to the dispensing

pharmacy by the PBM; (3) the amount billed by the PBM to the purchaser; and (4) other information as required by the Maryland Insurance Commissioner in regulation.

**Current Law:** A PBM is a business that administers and manages prescription drug benefit plans for purchasers. A PBM must register with MIA prior to providing pharmacy benefits management services. The Insurance Commissioner is authorized to examine the affairs, transactions, accounts, and records of a registered PBM at the PBM's expense.

If the Insurance Commissioner determines a PBM has violated any provision of Title 15, Subtitle 16 of the Insurance Article or a related regulation, the Commissioner may issue an order that requires the PBM to (1) cease and desist; (2) take specific affirmative action to correct the violation; (3) make restitution of money, property, or other assets; or (4) pay a fine. In addition to any other enforcement action taken, the Commissioner may impose a civil penalty of up to \$10,000 for each violation.

Insurers and nonprofit health service plans that propose to issue or deliver individual, group, or blanket health insurance policies or contracts or to administer health benefit programs that provide hospital, medical, or surgical benefits on an expense-incurred basis must provide an insured individual who has filed a claim an annual summary EOB that covers the preceding 12-month period. The EOB must provide a summary of (1) all claims filed by health care providers for services rendered to the insured individual or covered dependent during an inpatient hospitalization or an outpatient surgical procedure; (2) the amount paid by the entity for each claim filed; and (3) the balance owed by the insured individual for each claim filed.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 8, 2021  
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