

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1034 (Delegate Cullison)

Health and Government Operations

Finance

Prescription Drug Affordability Board - Plan of Action - Repeal of Date for Submission

This bill repeals the date by which the Prescription Drug Affordability Board must submit a plan of action, if drafted, to the Legislative Policy Committee (LPC) for approval. **The bill takes effect June 1, 2021.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 692 of 2019 established the Prescription Drug Affordability Board. The board must make specified determinations, collect data, and identify specified prescription drug products that may cause affordability issues; may conduct a cost review of each identified drug product; and, if warranted, must draft a plan of action that includes the criteria to set upper payment limits for prescription drug products. The plan of action must be approved either by LPC or by the Governor and the Attorney General. If approved, the board may set upper payment limits for specified populations beginning January 1, 2022.

If the board finds that it is in the best interest of the State to establish a process for setting upper payment limits for prescription drug products that it determines have led or will lead

to an affordability challenge, the board, in conjunction with the stakeholder council, must draft a plan of action for implementing the process that includes the criteria the board must use to set upper payment limits. The criteria for setting upper payment limits must include consideration of (1) the cost of administering the prescription drug product; (2) the cost of delivering the prescription drug product to consumers; and (3) other relevant administrative costs related to the prescription drug product.

If a plan of action is drafted, by July 1, 2021, the board must submit the plan of action to LPC for approval. LPC must have 45 days to approve the plan of action. If LPC does not approve the plan of action, the board must submit the plan of action to the Governor and the Attorney General for approval. The Governor and the Attorney General must have 45 days to approve the plan of action. The board may not set upper payment limits unless the plan is approved by either (1) LPC or (2) the Governor and the Attorney General.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2021
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