By: Delegate Kipke
Introduced and read first time: February 11, 2022
Assigned to: Health and Government Operations

A BILL ENTITLED

AN ACT concerning

Pharmacy Benefits Managers – Contracts With Pharmacy Services
Administrative Organizations

FOR the purpose of requiring a pharmacy benefits manager to make certain disclosures to

a pharmacy services administrative organization at the time of entering into a
contract and within a certain number of working days before a contract change;
prohibiting a contract form or an amendment to a contract form between a pharmacy
benefits manager and a pharmacy services administrative organization from
becoming effective except under certain circumstances; prohibiting a pharmacy
benefits manager from entering into an agreement with a pharmacy services
administrative organization that allows a reduction in payment under a certain
reconciliation process; and generally relating to contracts between pharmacy
benefits managers and pharmacy services administrative organizations.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 15–1628 and 15–1628.3
Annotated Code of Maryland
(2017 Replacement Volume and 2021 Supplement)

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

Article – Insurance

15–1628.

(a) (1) At the time of entering into a contract with a pharmacy [or a],
pharmacist, OR PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION ACTING ON
BEHALF OF A PHARMACY OR PHARMACIST and at least 30 working days before any

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
contract change, a pharmacy benefits manager shall disclose to the pharmacy [or], pharmacist, OR PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION ACTING ON BEHALF OF A PHARMACY OR PHARMACIST:

(i) the applicable terms, conditions, and reimbursement rates;

(ii) the process and procedures for verifying pharmacy benefits and beneficiary eligibility;

(iii) the dispute resolution and audit appeals process; and

(iv) the process and procedures for verifying the prescription drugs included on the formularies used by the pharmacy benefits manager.

(2) (i) This paragraph does not apply to a requirement that a specialty pharmacy obtain national certification to be considered a specialty pharmacy in a pharmacy benefits manager’s or carrier’s network.

(ii) For purposes of credentialing a pharmacy or a pharmacist as a condition for participating in a pharmacy benefits manager’s network for a carrier, the pharmacy benefits manager may not:

1. require a pharmacy or pharmacist to renew credentialing more frequently than once every 3 years; or

2. charge a pharmacy or pharmacist a fee for the initial credentialing or renewing credentialing.

(b) (1) Each contract form or an amendment to a contract form between a pharmacy benefits manager and a pharmacy, PHARMACIST, OR PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION ACTING ON BEHALF OF A PHARMACY OR PHARMACIST may not become effective unless at least 30 days before the contract form or amendment to the contract form is to become effective, the pharmacy benefits manager files an informational filing with the Commissioner in the manner required by the Commissioner that includes a copy of the contract form or amendment to the contract form.

(2) The Commissioner is not required to review the informational filing to evaluate whether a contract form or amendment to a contract form is in violation of this subtitle at the time the informational filing is made.

(3) The Commissioner may review and disapprove a contract form or amendment to a contract form at any time after the contract form or amendment to the contract form has been submitted as part of an informational filing.
(a) A pharmacy benefits manager or a carrier may not directly or indirectly charge a contracted pharmacy, or hold a contracted pharmacy responsible for, a fee or performance-based reimbursement related to the adjudication of a claim or an incentive program.

(b) A pharmacy benefits manager or carrier may not make or allow any reduction in payment for pharmacy services by a pharmacy benefits manager or carrier or directly or indirectly reduce a payment for a pharmacy service under a reconciliation process to an effective rate of reimbursement, including generic effective rates, brand effective rates, direct and indirect remuneration fees, or any other reduction or aggregate reduction of payments.

(C) A PHARMACY BENEFITS MANAGER MAY NOT ENTER INTO AN AGREEMENT WITH A PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION THAT ALLOWS A REDUCTION IN PAYMENT FOR PHARMACY SERVICES UNDER A RECONCILIATION PROCESS TO AN EFFECTIVE RATE OF REIMBURSEMENT, INCLUDING GENERIC EFFECTIVE RATES, BRAND EFFECTIVE RATES, DIRECT AND INDIRECT REMUNERATION FEES, OR ANY OTHER REDUCTION OR AGGREGATE REDUCTION OF PAYMENTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.