

# HOUSE BILL 1243

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CF SB 975

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By: ~~Delegate S. Johnson~~ Delegates S. Johnson, Alston, Bagnall, Bhandari, Chisholm, Cullison, Guzzone, Hill, Hutchinson, Kaiser, Kerr, Kipke, Lopez, Martinez, M. Morgan, Pena-Melnyk, Reilly, Rosenberg, Ross, Szeliga, Taveras, White Holland, Woods, and Woorman

Introduced and read first time: February 7, 2025

Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2025

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance – Coverage for Specialty Drugs**

3 FOR the purpose of prohibiting certain insurers, nonprofit health service plans, and health  
4 maintenance organizations from excluding coverage for certain specialty drugs that  
5 are administered or dispensed by a provider that meets certain criteria; requiring  
6 the reimbursement rate for certain specialty drugs to meet certain criteria; and  
7 generally relating to health insurance coverage for specialty drugs.

8 BY repealing and reenacting, without amendments,

9 Article – Insurance

10 Section 15–847(a)(1) and (5)

11 Annotated Code of Maryland

12 (2017 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Insurance

15 Section 15–847(d), 15–1611.1, and 15–1612

16 Annotated Code of Maryland

17 (2017 Replacement Volume and 2024 Supplement)

18 BY adding to

19 Article – Insurance

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section ~~15–847(h)~~ and 15–847.2  
2 Annotated Code of Maryland  
3 (2017 Replacement Volume and 2024 Supplement)

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

6 **Article – Insurance**

7 15–847.

8 (a) (1) In this section the following words have the meanings indicated.

9 (5) (i) “Specialty drug” means a prescription drug that:

10 1. is prescribed for an individual with a complex or chronic  
11 medical condition or a rare medical condition;

12 2. costs \$600 or more for up to a 30–day supply;

13 3. is not typically stocked at retail pharmacies; and

14 4. A. requires a difficult or unusual process of delivery to  
15 the patient in the preparation, handling, storage, inventory, or distribution of the drug; or

16 B. requires enhanced patient education, management, or  
17 support, beyond those required for traditional dispensing, before or after administration of  
18 the drug.

19 (ii) “Specialty drug” does not include a prescription drug prescribed  
20 to treat diabetes, HIV, or AIDS.

21 (d) Subject to **SUBSECTION (H) OF THIS SECTION AND** § 15–805 of this subtitle  
22 **[and], notwithstanding § 15–806 of this subtitle, [nothing in] AND EXCEPT AS PROVIDED**  
23 **IN § 15–847.2 OF THIS SUBTITLE**, this article or regulations adopted under this article  
24 **[precludes] DO NOT PRECLUDE** an entity subject to this section from requiring a covered  
25 specialty drug to be obtained through:

26 (1) a designated pharmacy or other source authorized under the Health  
27 Occupations Article to dispense or administer prescription drugs; or

28 (2) a pharmacy participating in the entity’s provider network, if the entity  
29 determines that the pharmacy:

30 (i) meets the entity’s performance standards; and

31 (ii) accepts the entity’s network reimbursement rates.

1           **(H) THIS SECTION MAY NOT BE CONSTRUED TO SUPERSEDE THE AUTHORITY**  
2 **OF THE HEALTH SERVICES COST REVIEW COMMISSION TO SET RATES FOR**  
3 **SPECIALTY DRUGS ADMINISTERED TO PATIENTS IN A SETTING REGULATED BY THE**  
4 **HEALTH SERVICES COST REVIEW COMMISSION.**

5 15-847.2.

6           **(A) IN THIS SECTION, “SPECIALTY DRUG” HAS THE MEANING STATED IN §**  
7 **15-847 OF THIS SUBTITLE.**

8           **(B) (1) THIS SECTION APPLIES TO:**

9                   **(I) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT**  
10 **PROVIDE COVERAGE FOR PRESCRIPTION DRUGS UNDER INDIVIDUAL, GROUP, OR**  
11 **BLANKET HEALTH INSURANCE POLICIES OR CONTRACTS THAT ARE ISSUED OR**  
12 **DELIVERED IN THE STATE; AND**

13                   **(II) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE**  
14 **COVERAGE FOR PRESCRIPTION DRUGS UNDER INDIVIDUAL OR GROUP CONTRACTS**  
15 **THAT ARE ISSUED OR DELIVERED IN THE STATE.**

16                   **(2) AN INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A HEALTH**  
17 **MAINTENANCE ORGANIZATION THAT PROVIDES COVERAGE FOR PRESCRIPTION**  
18 **DRUGS THROUGH A PHARMACY BENEFITS MANAGER IS SUBJECT TO THE**  
19 **REQUIREMENTS OF THIS SECTION.**

20           **(C) AN ENTITY SUBJECT TO THIS SECTION MAY NOT EXCLUDE COVERAGE**  
21 **FOR A COVERED SPECIALTY DRUG ADMINISTERED OR DISPENSED BY A PROVIDER**  
22 **UNDER § 12-102 OF THE HEALTH OCCUPATIONS ARTICLE IF THE ENTITY**  
23 **DETERMINES THAT:**

24                   **(1) THE PROVIDER THAT ADMINISTERS OR DISPENSES THE COVERED**  
25 **SPECIALTY DRUG:**

26                   **(I) IS AN IN-NETWORK PROVIDER OF COVERED ~~MEDICAL~~**  
27 **ONCOLOGY SERVICES; AND**

28                   **(II) COMPLIES WITH STATE REGULATIONS FOR THE**  
29 **ADMINISTERING AND DISPENSING OF SPECIALTY DRUGS; AND**

30                   **(2) THE COVERED SPECIALTY DRUG IS:**

1 (I) ~~INFUSED~~, AUTO-INJECTED, OR AN ORAL TARGETED  
2 IMMUNE MODULATOR; OR

3 (II) AN ORAL MEDICATION THAT:

4 1. REQUIRES COMPLEX DOSING BASED ON CLINICAL  
5 PRESENTATION; OR

6 2. IS USED CONCOMITANTLY WITH OTHER INFUSION OR  
7 RADIATION THERAPIES.

8 (D) (1) ~~THE~~ SUBJECT TO SUBSECTION (F) OF THIS SECTION, THE  
9 REIMBURSEMENT RATE FOR SPECIALTY DRUGS COVERED UNDER THIS SECTION  
10 SHALL BE:

11 ~~(1)~~ (I) AGREED TO BY THE COVERED, IN-NETWORK PROVIDER AND  
12 THE ENTITY SUBJECT TO THIS SECTION; AND

13 ~~(2)~~ (II) BILLED AT A NONHOSPITAL LEVEL OF CARE OR PLACE OF  
14 SERVICE.

15 (2) UNLESS OTHERWISE AGREED TO BY THE COVERED, IN-NETWORK  
16 PROVIDER AND THE ENTITY SUBJECT TO THIS SECTION, THE REIMBURSEMENT RATE  
17 FOR SPECIALTY DRUGS COVERED UNDER THIS SECTION MAY NOT EXCEED THE RATE  
18 APPLICABLE TO A DESIGNATED SPECIALTY PHARMACY FOR DISPENSING THE  
19 COVERED SPECIALTY DRUGS.

20 (E) THIS SECTION DOES NOT PROHIBIT AN ENTITY SUBJECT TO THIS  
21 SECTION FROM REFUSING TO AUTHORIZE OR APPROVE OR FROM DENYING  
22 COVERAGE FOR A COVERED SPECIALTY DRUG ADMINISTERED OR DISPENSED BY A  
23 PROVIDER IF ADMINISTERING OR DISPENSING THE DRUG FAILS TO SATISFY  
24 MEDICAL NECESSITY CRITERIA.

25 (F) THIS SECTION MAY NOT BE CONSTRUED TO SUPERSEDE THE AUTHORITY  
26 OF THE HEALTH SERVICES COST REVIEW COMMISSION TO SET RATES FOR  
27 SPECIALTY DRUGS ADMINISTERED TO PATIENTS IN A SETTING REGULATED BY THE  
28 HEALTH SERVICES COST REVIEW COMMISSION.

29 15-1611.1.

30 (a) This section applies only to a pharmacy benefits manager that provides  
31 pharmacy benefits management services on behalf of a carrier.

1 (b) Except as provided in subsection (c) of this section, a pharmacy benefits  
2 manager may not require that a beneficiary use a specific pharmacy or entity to fill a  
3 prescription if:

4 (1) the pharmacy benefits manager or a corporate affiliate of the pharmacy  
5 benefits manager has an ownership interest in the pharmacy or entity; or

6 (2) the pharmacy or entity has an ownership interest in the pharmacy  
7 benefits manager or a corporate affiliate of the pharmacy benefits manager.

8 (c) **[A] EXCEPT AS PROVIDED IN § 15-847.2 OF THIS TITLE,** A pharmacy  
9 benefits manager may require a beneficiary to use a specific pharmacy or entity for a  
10 specialty drug as defined in § 15-847 of this title.

11 15-1612.

12 (a) This section applies only to a pharmacy benefits manager that provides  
13 pharmacy benefits management services on behalf of a carrier.

14 (b) This section does not apply to reimbursement:

15 (1) **EXCEPT AS PROVIDED IN § 15-847.2 OF THIS TITLE,** for specialty  
16 drugs;

17 (2) for mail order drugs; or

18 (3) to a chain pharmacy with more than 15 stores or a pharmacist who is  
19 an employee of the chain pharmacy.

20 (c) A pharmacy benefits manager may not reimburse a pharmacy or pharmacist  
21 for a pharmaceutical product or pharmacist service in an amount less than the amount that  
22 the pharmacy benefits manager reimburses itself or an affiliate for providing the same  
23 product or service.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
25 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or  
26 after January 1, 2026.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 January 1, 2026.