

SENATE BILL 975

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By: **Senator Lam**

Introduced and read first time: January 28, 2025

Assigned to: Finance

A BILL ENTITLED

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

20 Section 15–847.2

21 Annotated Code of Maryland

22 (2017 Replacement Volume and 2024 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

24 That the Laws of Maryland read as follows:

25 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 15–847.

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

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

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

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

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

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

10 B. requires enhanced patient education, management, or
11 support, beyond those required for traditional dispensing, before or after administration of
12 the drug.

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

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

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

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

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

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

25 **15–847.2.**

26 **(A) IN THIS SECTION, “SPECIALTY DRUG” HAS THE MEANING STATED IN §**
27 **15–847 OF THIS SUBTITLE.**

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

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

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

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

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

16 **(1) THE PROVIDER THAT ADMINISTERS OR DISPENSES THE COVERED**
17 **SPECIALTY DRUG:**

18 **(I) IS AN IN-NETWORK PROVIDER OF COVERED MEDICAL**
19 **ONCOLOGY SERVICES; AND**

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

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

23 **(I) INFUSED, AUTO-INJECTED, OR AN ORAL TARGETED**
24 **IMMUNE MODULATOR; OR**

25 **(II) AN ORAL MEDICATION THAT:**

26 **1. REQUIRES COMPLEX DOSING BASED ON CLINICAL**
27 **PRESENTATION; OR**

28 **2. IS USED CONCOMITANTLY WITH OTHER INFUSION OR**
29 **RADIATION THERAPIES.**

30 **(D) THE REIMBURSEMENT RATE FOR SPECIALTY DRUGS COVERED UNDER**
31 **THIS SECTION SHALL BE:**

1 **(1) AGREED TO BY THE COVERED, IN-NETWORK PROVIDER AND THE**
2 **ENTITY SUBJECT TO THIS SECTION; AND**

3 **(2) BILLED AT A NONHOSPITAL LEVEL OF CARE OR PLACE OF**
4 **SERVICE.**

5 **(E) THIS SECTION DOES NOT PROHIBIT AN ENTITY SUBJECT TO THIS**
6 **SECTION FROM REFUSING TO AUTHORIZE OR APPROVE OR FROM DENYING**
7 **COVERAGE FOR A COVERED SPECIALTY DRUG ADMINISTERED OR DISPENSED BY A**
8 **PROVIDER IF ADMINISTERING OR DISPENSING THE DRUG FAILS TO SATISFY**
9 **MEDICAL NECESSITY CRITERIA.**

10 15-1611.1.

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

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

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

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

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

23 15-1612.

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

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

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

29 (2) for mail order drugs; or

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

1 (c) A pharmacy benefits manager may not reimburse a pharmacy or pharmacist
2 for a pharmaceutical product or pharmacist service in an amount less than the amount that
3 the pharmacy benefits manager reimburses itself or an affiliate for providing the same
4 product or service.

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

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