

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1243

(Delegate S. Johnson, *et al.*)

Health and Government Operations

Finance

Health Insurance - Coverage for Specialty Drugs

This bill prohibits certain insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers), including those that provide prescription drug coverage through a pharmacy benefits manager (PBM), from excluding coverage for a covered specialty drug administered or dispensed by a provider under specified circumstances. If this prohibition applies, the reimbursement rate for a covered specialty drug must be agreed to by the carrier and the covered, in-network provider and billed at a nonhospital level of care or place of service. The bill does not prohibit a carrier from refusing to authorize or approve or from denying coverage of a covered specialty drug administered or dispensed by a provider if administering or dispensing the drug fails to satisfy medical necessity criteria. **The bill takes effect January 1, 2026, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2026 only from the \$125 rate and form filing fee. Any additional workload for MIA can be absorbed with existing budgeted resources. No impact on the State Employee and Retiree Health and Welfare Benefits Program.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: A carrier, including one that provides prescription drug coverage through a PBM, may not exclude coverage for a covered specialty drug administered or dispensed by a provider if the carrier determines that (1) the provider is an in-network provider of covered oncology services and complies with State regulations for the administering and dispensing of specialty drugs and (2) the drug is auto-injected, an oral targeted immune modulator, or an oral medication that requires complex dosing based on clinical presentation or is used concomitantly with other infusion or radiation therapies.

Unless otherwise agreed to by the carrier and the covered, in-network provider, the reimbursement rate for a specialty drug may not exceed the rate applicable to a designated specialty pharmacy for dispensing that drug.

Additionally, the bill may not be construed to supersede the authority of the Health Services Cost Review Commission (HSCRC) to set rates for specialty drugs administered to patients in a setting regulated by HSCRC.

Current Law:

Specialty Drugs

A “specialty drug” means a prescription drug that (1) is prescribed for an individual with a complex, chronic, or rare medical condition; (2) costs \$600 or more for up to a 30-day supply; (3) is not typically stocked at retail pharmacies; and (4) requires either a difficult or unusual process of delivering the drug to the patient or enhanced patient education, management, or support before or after administration of the drug. A specialty drug does not include a prescription drug prescribed to treat diabetes, HIV, or AIDS; it does include a prescription drug prescribed to treat multiple sclerosis, hepatitis C, rheumatoid arthritis, cystic fibrosis, hemophilia, or multiple myeloma.

Providers

A “provider” means a health care practitioner or group of health care practitioners licensed, certified, or otherwise authorized by law to provide health care services. “Health care service” means a health or medical care procedure or service rendered by a health care provider that (1) provides testing, diagnosis, or treatment of a human disease or dysfunction; (2) dispenses drugs, medical devices, medical appliances, or medical goods for the treatment of a human disease or dysfunction; or (3) provides any other care, service, or treatment of disease or injury, the correction of defects, or the maintenance of physical or mental well-being of individuals.

Pharmacy Benefits Managers

A PBM is a business that administers and manages prescription drug benefit plans. A PBM must register with MIA prior to providing pharmacy benefits management services.

A PBM that provides pharmacy benefits management services on behalf of a carrier may not require that a beneficiary use a specific pharmacy or entity to fill a prescription if the PBM (or a corporate affiliate) has an ownership interest in the pharmacy or entity or vice versa. A PBM may require a beneficiary to use a specific pharmacy or entity for a specialty drug.

A PBM that provides pharmacy benefits management services on behalf of a carrier may not reimburse a pharmacy or pharmacist for a pharmaceutical product or pharmacist service in an amount less than the PBM reimburses itself or an affiliate for providing the same product or service. This prohibition does not apply to reimbursement for specialty drugs, mail order drugs, or to a chain pharmacy with more than 15 stores or a pharmacist who is an employee of the chain pharmacy.

Carriers

A carrier may require a subscriber, member, or beneficiary to obtain a specialty drug through a specific pharmacy, including a pharmacy participating in the carrier's provider network, if the carrier determines that the pharmacy meets its performance standards and accepts its network reimbursement fees.

Health Services Cost Review Commission

HSCRC is an independent commission within the Maryland Department of Health established to contain hospital costs, maintain fairness in hospital payment, provide access to hospital care, and disclose information on the operation of hospitals in the State. HSCRC is responsible for implementing the Total Cost of Care Model, the successor to the Maryland All Payer Model Contract, under which it regulates hospital population-based revenues (commonly referred to as global budgets).

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 876 (third reader) of 2024.

Designated Cross File: SB 975 (Senator Lam) - Finance.

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

Fiscal Note History: First Reader - February 24, 2025

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Analysis by: Ralph W. Kettell

Direct Inquiries to:

(410) 946-5510

(301) 970-5510