



TO: The Honorable Shane Pendergrass, Chair
Members, House Government Operations Committee

FROM: Aliyah N. Horton, CAE, Executive Director, 240-688-7808

DATE: February 27, 2020

**RE: SUPPORT – HB 756 - Maryland Medical Assistance Program and
Managed Care Organizations that Use Pharmacy Benefit Managers –
Reimbursement Requirements**

- Maryland Pharmacists Association (MPhA) urges a favorable report of HB 756.
- There should be equitable reimbursement across the pharmacy network of national average drug acquisition cost (NADAC) + \$10.49 dispensing fee as a floor. It is the most transparent and qualitative correction to address the pharmacy reimbursement issue.
- Our local pharmacists continue to face a crisis in the community pharmacy setting that directly impacts Maryland patients and families in every community. Over the last several years, many MPhA members who are owners and staff have taken extreme measures to maintain their presence in and service to communities across the state.
- The trend of pharmacy closings, reduced hours and layoffs is on the upswing. We've lost at least 90 community pharmacies since last session and too many pharmacist jobs have been lost to count.
- A similar bill was introduced in the last session but was amended to simply be an audit of the Medicaid pharmacy benefits program.
- The audit report verified two critical findings, amongst many others:
1) \$72 million in PBM gains that were earned on the backs of community pharmacies; and 2) the administration of the Medicaid MCO pharmacy benefits is flawed and lacks transparency.
- PBMs are benefiting at every stage and from every player for each medication dispensed.
\$\$ Keep the spread
\$\$ Key half of the dispensing fee paid by the MCOs
\$\$ Charge the pharmacies an administration fee \$\$
Charge an additional administrative fee to the MCOs \$\$
Some keep a portion of the drug manufacturer rebates.
- MDH's recommendations for transparency in the contracting between the MCO and PBMs is a great first step and is fantastic for the STATE, but does not address the underlying issue of how pharmacies are reimbursed.

- We have quantifiable transparent data to show what the costs are to serve patients. The Medicaid Fee For Service Program recognizes this and Medicaid MCOs must follow suit by providing the NADAC + \$10.49 Dispensing Fee.

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