



Mid-Atlantic Permanente Medical Group, P.C.  
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc  
2101 East Jefferson Street  
Rockville, Maryland 20852

February 27, 2020

The Honorable Shane E. Pendergrass  
Health and Government Operations Committee  
House Office Building Room 240  
6 Bladen Street  
Annapolis, Maryland 21401

RE: HB 978 – Support with Amendment

Dear Chair Pendergrass and Members of the Committee:

Kaiser Permanente is pleased to support and offer an amendment to HB 978, Maryland Insurance Administration - Pharmacy Services Administrative Organizations - Regulation.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.<sup>1</sup> Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 755,000 members. In Maryland, we deliver care to over 430,000 members.

HB 978 defines a “pharmacy services administrative organization” (PSAO) as an entity operating within the state that i) contracts with independent pharmacies to conduct business on their behalf with third-party payers; ii) provides administrative services to independent pharmacies; or iii) negotiates and enters into contracts with third-party payers or pharmacy benefits manages on behalf of independent pharmacies. The bill also specifies that a PSAO includes a person who performs one or more specified administrative services for an independent pharmacy.

Kaiser Permanente does not believe that a health maintenance organization that operates as a group model would fall within the definition of a PSAO. However, we respectfully request the amendment below as clarifying.

Thank you for the opportunity to comment. Please feel free to contact Wayne Wilson at [Wayne.D.Wilson@kp.org](mailto:Wayne.D.Wilson@kp.org) or (301) 816-5991 with questions.

Sincerely,

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<sup>1</sup> Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation’s largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente’s members.

Wayne D. Wilson  
Vice President, Government Programs and External Relations  
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.

AMENDMENT TO HOUSE BILL 978  
(First Reading File Bill)

On page 4, after line 4, insert:

**(3) “PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION”  
DOES NOT INCLUDE A NONPROFIT HEALTH MAINTENANCE ORGANIZATION  
THAT OPERATES AS A GROUP MODEL AND:**

**(I) PROVIDES SERVICES SOLELY TO A MEMBER OR  
PATIENT OF THE NONPROFIT HEALTH MAINTENANCE ORGANIZATION; AND**

**(II) FURNISHES SERVICES THROUGH THE INTERNAL  
PHARMACY OPERATIONS OF THE NONPROFIT HEALTH MAINTENANCE  
ORGANIZATION.**