

STATE OF MARYLAND

Andrew N. Pollak
CHAIR



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

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March 5, 2020

The Honorable Shane E. Pendergrass, Chair
Health Government and Operations Committee
Room 241, House Office Building
Annapolis, MD 21401-1991

RE: House Bill 1095 –Public Health - Prescription Drug Affordability Board and Fund - SUPPORT

Dear Chair Pendergrass:

The Maryland Health Care Commission (MHCC) supports House Bill 1095 (HB 1095).

This bill creates a permanent funding mechanism for the newly established Prescription Drug Affordability Board (PDAB), which was created by statute in 2019. HB 1095 authorizes the PDAB to assess and collect an annual fee up to \$2,00,000 from: a) drug manufacturers; b) pharmacy benefits managers; c) insurance carriers; and d) wholesale drug distributors. The PDAB is directed to develop the assessment formula in a fair and equitable manner from the four industries. The proposed legislation creates a special, nonlapsing fund that will be exempt from the State Finance and Procurement § 7-302, which requires that unspent balances from a fund revert back to the General Fund at the end of a fiscal year.

MHCC has supported the PDAB in absence of a dedicated funding stream in fiscal years 2020 and 2021. MHCC provides meeting logistics and assistance, manages procurements, and directs staff recruitment. Once permanent staff are hired, MHCC will provide funds for salaries and offices. MHCC will provide approximately \$250,000 in funding from the MHCC non-lapsing fund in fiscal year 2020. MHCC expects to provide up to \$750,000 in funding in FY 2021. HB 1095 requires that the PDAB repay MHCC over a three-year period beginning in June 1, 2021.

Note: The Maryland Health Care Commission is an independent State agency. The position of the Commission may differ from the Maryland Department of Health.

The Honorable Pendergrass

March 4, 2020

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HB 1095 will allow the PDAB to be self-sustaining. The Commission recommends that the Committee report this bill favorably.

I hope you find this information useful. Please feel free to contact me at (410) 764-3566 or Ben.Steffen@maryland.gov, or Megan Renfrew, Government Affairs and Special Projects, at (410) 764-3483 or Megan.Renfrew@maryland.gov if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Ben Steffen". The signature is written in a cursive, slightly slanted style.

Ben Steffen

Executive Director

Maryland Health Care Commission

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