

Maryland Prescription Drug Affordability Board

February 27, 2020

The Honorable Shane Pendergrass
Health and Government Operations Committee
House Office Building
Annapolis, MD 21401

Dear Chairman Pendergrass:

The Prescription Drug Affordability Board was created last year with the passage of House Bill 768. The Board is the first independent state agency in the country tasked with addressing the high costs of prescription drugs for state and local employees. **We write in support of House Bill 1150, the Maryland Competitive Pharmacy Benefits Manager Marketplace Act.**

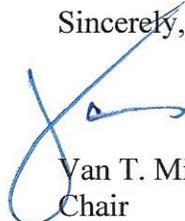
This **enabling legislation** provides Governor Hogan with the framework, legal clarity and tools to be just the second state in the nation to use a reverse auction to procure prescription drugs for state and local government employees, retirees and dependents. The state's contract with its pharmacy benefit manager is up at the end of the 2020 and the state should not miss the opportunity to create a more competitive procurement process for the next contract. House Bill 1150 would make the path forward clear if Governor Hogan chose to apply this innovative approach to the procurement of prescription drugs.

House Bill 768 included a mandate that the Prescription Drug Affordability Board study Reverse Auctions and report back to the General Assembly by Dec. 31, 2020. House Bill 1150 creates the opportunity for a reverse auction while our Board studies the issue and reports back.

Working in a bipartisan fashion, New Jersey projected savings of over \$1.5 billion dollars over three years using a data driven approach to procurement and contract management. Working local governments, they created a pool of 750,000 employees, retirees and dependents to negotiate in real time with Pharmacy Benefit Managers to provide the best value to taxpayers. Reverse auctions create competition, transparency, benchmarks and uniformity in procurement.

We think reverse auctions hold a great deal of promise and we look forward to working with the General Assembly and Executive Branch to study the issue and evaluate if a reverse auction is right for Maryland.

Sincerely,



Van T. Mitchell
Chair

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