



MARYLAND CITIZENS' HEALTH INITIATIVE

**Testimony of Vincent DeMarco
President, Maryland Citizens' Health Initiative
Before the House Health and Government Operations Committee
IN SUPPORT of House Bill 1150
Maryland Competitive Pharmacy Benefits Manager Marketplace Act
February 26, 2019**

Madam Chairman and Members of the House Health and Government Operations Committee, I am here today to express our support of House Bill 1150 (HB1150), which would establish the necessary means to engage in a practice of “reverse auction” bidding for the State’s contracting with pharmacy benefit managers (PBMs). With the State’s current PBM contract set to expire, we are at a critical juncture for action, and we urge the Committee to report favorably on HB1150.

Thanks in large part to the leadership of this committee, Maryland has taken several important steps toward making prescription drugs more affordable in recent years, including by banning the so-called “gag rules” on pharmacists and by establishing the nation’s first Prescription Drug Affordability Board. HB1150 is yet another tool the Maryland General Assembly can utilize to continue its work toward ensuring that all Marylanders have access to affordable medications. Replacing the more traditional Request for Proposal process with reverse auction bidding is a common-sense way to reduce the opaqueness of PBM contracting and to introduce aggressive competition amongst the “middlemen” of the pharmaceutical supply chain.

In New Jersey, where the practice was pioneered, a reverse auction model saved the state over one billion dollars for a three-year contract period. Not only did this free up essential funds for state use, but New Jersey school employee members saw their health care premiums drop (rather than the typical increase) as a result. Should eligible parties partake in a joint purchasing group, we could expect similarly impressive results in Maryland, which would help alleviate the burden on Maryland tax-payers and reduce the State’s pharmaceutical spending. This process ensures that successful PBM bids will have to pass on more or all of the manufacturer rebates, reducing payer costs.

We would like to thank Chairman Pendergrass for introducing this important legislation and urge a favorable report on HB1150.