



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 25, 2021

Senate Bill 614 Pharmacy Benefits Managers – Drug Reimbursement – Reporting Requirements

Senate Bill 614 would require Pharmacy Benefit Managers to report the costs of prescribed drugs to the Insurance Commissioner for all drugs that were reimbursed by PBMs to pharmacies below certain amounts. If a prescribed drug was reimbursed by the PBM at an amount below the National Average Drug Cost plus the Fee-For-Service Professional Dispensing Fee as determined by MDH, the PBM would be required to file a quarterly report setting out certain information for that drug. Among other things, the report would include the amount the pharmacy was reimbursed, the NADAC cost on the day the drug was dispensed, and whether the dispensing pharmacy was an affiliate of the PBM. The report, filed quarterly, would be available to the public.

WHAT IS THE NEED FOR THE BILL?

There is tremendous concern that pharmacies, particularly independent pharmacies, are not being fairly or adequately reimbursed by PBMs for the cost of filling and dispensing prescriptions. This bill will supply needed transparency to the financial transactions between PBMs and pharmacies. A pharmacy's cost for filling a prescription is dependent on 1. The cost that it pays to acquire the drug, and 2. The cost that it is reimbursed for its professional dispensing fee. This bill will allow the public to see how often, and how routinely, PBM reimbursements fail to fully reimburse a pharmacy for these two components, that is, the cost of the drug plus the fee for service professional dispensing fee. It will also allow transparency as to whether a dispensing pharmacy was an affiliate of the PBM, and whether the drug was dispensed in accordance with a government health plan. All of this information is designed to shed needed light on the pharmacy reimbursement practices of PBMs.

I respectfully request a favorable on Senate Bill 614.