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Health and Government
Operations Committee

Government Operations and Estates
and Trusts Subcommittee

Health Facilities and
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The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

Health and Government Operations Committee

HB709 Public Health- PBM Drug Reimbursement – Reporting Requirements

February 10, 2021

WHAT DOES THIS BILL DO?

House Bill 709 is a bill about transparency. It will require Pharmacy Benefit Managers (PBM) 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?

For many years, testimony provided to this committee has been convincing 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
2. The cost that it is reimbursed for its professional dispensing fee

This legislation will:

1. allow the public to see if, and how often, PBM reimbursements fail to fully reimburse a pharmacy for the two components- the cost of the drug plus the fee for professional dispensing.
2. 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.

This information will help ensure that all pharmacies are re-imbursed adequately and equitably by PBMs.

I urge the Committee to favorably report HB 709