



**TO:** The Honorable Shane Pendergrass, Chair  
Members, House Government Operations Committee

**FROM:** Aliyah N. Horton, CAE, Executive Director, 240-688-7808

**DATE:** February 10, 2021

**RE:** SUPPORT – HB 602 - Maryland Medical Assistance Program and  
Managed Care Organizations that Use Pharmacy Benefit Managers –  
Reimbursement Requirements

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- Maryland Pharmacists Association (MPhA) urges a favorable report of HB 602. It is way past time to correct this issue.
- There should be equitable reimbursement across the pharmacy network of requiring that minimum reimbursement levels be at least equal to the National Average Drug Acquisition Cost of the generic product plus the fee-for-service professional dispensing fee determined by the Maryland Department of Health in accordance with its most recent in-state cost-of-dispensing survey.
- It is the most transparent and quantitative correction to address this long-standing pharmacy reimbursement issue.
- Our local pharmacists continue to face a crisis in the community pharmacy setting that directly impacts Maryland patients and families in every community. Over the last several years, many MPhA members who are owners and staff have taken extreme measures to maintain their presence in and service to communities across the state, while others have simply closed or sold to larger chains.
- A similar bill was introduced in the 2019 session but was amended to simply be an audit of the Medicaid pharmacy benefits program.
- The audit report verified two critical findings, amongst many others:
  - \$72 million in PBM gains were earned on the backs of community pharmacies
  - the administration of the Medicaid MCO pharmacy benefits is flawed and lacks transparency.
  - PBMs are benefiting at every stage and from every player for each medication dispensed. They:
    - \$\$ Keep the spread
    - \$\$ Keep half of the dispensing fee paid by the MCOs
    - \$\$ Charge the pharmacies an administration fee
    - \$\$ Charge an additional administrative fee to the MCOs
    - \$\$ Some keep a portion of the drug manufacturer rebates.
- MDHs changes in transparency in the contracting between the MCO and PBMs has been a promising first step and is good for the STATE, but does not address the underlying issue of how pharmacies are reimbursed.
- Pharmacies have quantifiable transparent data to show what the actual costs are to serve patients. The Medicaid Fee For Service Program recognizes this and Medicaid MCOs must follow suit.