



March 4, 2022

The Honorable Shane Pendergrass, Chair  
CC: Members of the House Health and Government Operations Committee  
Annapolis, Maryland

**Re: Supporting SB 823, Pharmacy Services Administrative Organizations and Pharmacy Benefits Managers**

Dear Chairman Pendergrass and Distinguished Committee Members:

LeaderNET, Medicine Shoppe Internet, and Managed Care Connection, Cardinal Health's Pharmacy Services Administrative Organizations (PSAO) and a critical community partner of **118 independent pharmacies in Maryland**, would like to express our support for **SB 823**. Our PSAOs network is one of the largest and most respected PSAOs in the industry, providing our customers with access to niche services such as immunizations, compounding, Medicare Part D and Med D Long-term Care. Our PSAOs provide for increased third-party payment visibility of store-level adjustments, DIR fees and extended history and trend reporting. We help retail independent pharmacies save valuable time as our experienced staff manages the evaluation and execution of contracts with Pharmacy Benefit Managers (PBMs) and other administrative services.

**SB 823** corrects some undue logistical burdens accidentally imposed on all PSAOs operating in Maryland by the passage of HB 978 in 2020. HB 978 was meant to regulate PBMs, but incorrectly confused some of the responsibilities of PSAOs with PBMs. We are grateful to the sponsors of HB 978 for now introducing **SB 823**, which would correct some of the most pressing logistical burdens unintentionally caused by the 2020 bill.

Independent pharmacies have worked harder than ever to support Maryland communities through the COVID-19 pandemic. In addition to pandemic stresses, they face complex administrative pressures that come with running business. For example, pharmacies must sign and manage many different contracts just to procure medications for their patients and guarantee that insurers will cover patient prescriptions. Whereas large chain pharmacies, have specialized staff that negotiates directly with PBMs

PSAOs exist to help alleviate these administrative burdens. We take care of back-office responsibilities and manage complex administrative and operational tasks on behalf of independent pharmacies, including handling the intricacies of claims, contracts, reimbursements, compliance, and credentialing. We do not influence the price of medication or drug benefits or originate the PBM contracts. Regulating a PSAO like a

PBM misaligns with our business model and challenges our ability to function. It will not bring any greater prescription drug price transparency.

We respectfully request that the Committee support **SB 823**, enabling PSOs to continue providing essential support to independent pharmacies as they continue to fulfill their primary function: helping keep Maryland communities healthy.

Sincerely,



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