



March 2, 2022

Chair Kelley

CC: Senate Finance Committee

Annapolis, Maryland

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

Dear Chair Kelley and Committee Members:

AlignRx is a Pharmacy Services Administrative Organization (PSAO), and we would like to convey our support for SB 823.

While intended to regulate pharmacy service administrative organizations (PSAOs), 2020 HB 978 resulted in unintended consequences that confused the duties and responsibilities of PSAOs and PBMs. SB 823 aims to correct logistical burdens accidentally imposed on all PSAOs operating in the State of Maryland by the passage of HB 978 in 2020.

A PSAO exists to alleviate some of the burdens that independent community pharmacies face. Pharmacists and their staff are trained to care for the community and better the lives of their patients, not dissect insurance contracts. To serve the needs of the community, a pharmacy must review, understand, and manage a contract with each pharmacy benefit manager. A PSAO works alongside the pharmacy to help them better understand these contracts and handles many daily operations so that the pharmacists can focus on the patient. Chain pharmacies have corporate offices that negotiate contracts and maintain their compliance. Independent pharmacies do not have that large corporate office with specially trained staff to handle their contracts.

Supporting SB 823 is a step in the right direction, and allows PSAOs to provide essential services such as contracting assistance, reimbursement appeals, compliance monitoring, and credentialing. PSAOs do not decide drug prices or design the contracts. PSAOs do not determine that a higher priced medication is required instead of a less expensive generic. PSAOs do not set copays or deductibles. PSAOs help pharmacies. Regulating a PSAO like a PBM adds barriers to the business model and challenges our ability to provide these essential services to Maryland independent pharmacies.



800.755.1229



PO Box 8400 Edmond, Ok 73083-8400



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Notwithstanding the above, AlignRx feels that HB973 does not go far enough to alleviate the operational challenges that the passing of HB 978 has placed on PSAOs. Namely, AlignRx continues to have concerns that § 15-2019(a)(5) creates a framework that is untenable for PSAOs, because it makes any practice that is prohibited by PBMs a prohibited PSAO practice. However, as many others have expressed, PSAOs and PBMs are distinct businesses, and as such, this one size fits all statutory framework creates confusion and operational challenges for PSAOs. For example, §16-1628.3(b) asserts, "A pharmacy benefits manager or carrier may not make or allow any reduction in payment...". This creates confusion for the PSAO because it is unclear if the PSAO is prohibited from facilitating payments to its member pharmacies when said payments have already been impermissibly reduced by the pharmacy benefit manager since a reasonable interpretation of the law is that the PSAO cannot "allow" the payment to occur. This is just one example of many in which it does not make sense to treat the PSAO as though it were the PBM. Many of the statutes governing PBMs have nothing to do with the services that PSAOs provide.

Please help your community pharmacists by supporting SB 823.

Respectfully,



Melanie Maxwell
President



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