

# **PSAO Letter of Support for MD Bills (S)final.pdf**

Uploaded by: Alison Murphy

Position: FAV



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 PSAOs to continue providing essential support to independent pharmacies as they continue to fulfill their primary function: helping keep Maryland communities healthy.

Sincerely,



**Myles Hoover**

*Vice President*

*Marketing and Customer Solutions*

[7000 Cardinal Place, Dublin, OH 43017](#)



**Scott Streator**

*Vice President*

*Business Development & Managed Care*

[7000 Cardinal Place, Dublin, OH 43017](#)

614.264.9174 cell

# **PSAO\_bill\_Maryland\_2022\_EPIC\_testimony\_as\_filed.PD**

Uploaded by: David Cahn

Position: FAV

WHITEFORD, TAYLOR & PRESTON L.L.P.

SEVEN SAINT PAUL STREET  
BALTIMORE, MARYLAND 21202-1636

MAIN TELEPHONE (410) 347-8700  
FACSIMILE (410) 752-7092

DAVID L. CAHN  
DIRECT LINE (410) 347-9442  
DIRECT FAX (410) 234-2312  
DCahn@wtplaw.com

DELAWARE\*  
DISTRICT OF COLUMBIA  
KENTUCKY  
MARYLAND  
NEW YORK  
PENNSYLVANIA  
VIRGINIA

[WWW.WTPLAW.COM](http://WWW.WTPLAW.COM)  
(800) 987-8705

March 15, 2022

**Filed through MyMGA website portal**

Maryland Senate  
Finance Committee  
Miller Senate Office Building Room 3  
Annapolis, MD 21401

**Re: Senate Bill 823 Pharmacy Services Administrative Organizations**

Dear Senators,

On behalf of my client EPIC Pharmacy Network, Inc., this letter constitutes testimony submitted in favor of Senate Bill 823, entitled "Pharmacy Services Administrative Organizations and Pharmacy Benefit Managers - Contracts". This bill will amend the Pharmacy Services Administrative Organizations registration law enacted in year 2020 as Subtitle 20 of Title 15 in the Insurance Article (the "PSAO Law"), as well as the contract filing requirements in Subtitle 16 of Title 15 of the Insurance Article, which regulates the relationships between Pharmacy Benefit Managers (each a "PBM") and Maryland's independent pharmacies (the "PBM Law").

EPIC Pharmacy Network, Inc. is a wholly owned subsidiary of EPIC Pharmacies, Inc., a Maryland corporation that is solely owned by about 1,500 independent pharmacies as a cooperative. Each independent pharmacy owns one share of EPIC stock, and each of EPIC's directors and its chief executive officer are independent pharmacy owners and licensed pharmacists. I have been outside general counsel to EPIC and its subsidiaries since calendar year 2015.

EPIC Pharmacy Network, Inc. functions as the contracting agent for its member pharmacies. The primary value of EPIC's contracting services is that it enables the pharmacies to gain access to PBM's selective networks, which otherwise would be difficult for independents located in populous regions. This is particularly true with the regard to the networks run by the three large PBMs, who are Caremark (owned by CVS Health, Inc.), Express Scripts, Inc., and OptumRx, (owned by the health conglomerate Optum, Inc.), which collectively manage the pharmacy benefits for at least eight percent

(80%) of Americans. While EPIC is able to negotiate reimbursement rates with the PBMs to a limited degree on behalf of the pharmacies, otherwise the PBMs control the terms and conditions under which the pharmacies agree to dispense medications to the people whose benefits the PBM manages – whether those terms and conditions are established through a contract that EPIC signs on the pharmacies' behalf, or in a document that the pharmacy signs directly with the PBM.

Therefore, the existing language of Section 2010 of the PSAO Law, prohibiting contracts between a PBM and a PSAO or an amendment thereto from becoming effective until the PSAO files the proposed agreement with the Maryland Insurance Administration ("MIA") and then received MIA's approval, turns this contracting process between a PBM and a PSAO on its head. The PBMs prepare and largely control those contracts, and the PBMs should be the parties to file those contracts with MIA and then make any changes that MIA requires to comply with Maryland law – which Senate Bill 823 will accomplish, by moving the MIA filing and approval process from the PSAO Law to Section 1628 of the PBM law.

My experience representing EPIC in applying for and obtaining PSAO registration approval from MIA demonstrates the need for the amendments. The process of supplying information to MIA about EPIC, and its standard agreement with its member pharmacies, went smoothly. The MIA required EPIC to make amendments to its agreement with the pharmacies to comply with the PSAO law and that are beneficial to Maryland independent pharmacies.

However, the process of EPIC filing each of the agreements that it has signed with a PBM, on behalf of the pharmacies, was much more fraught. The administrative burden on EPIC in identifying and submitting each such contract was substantial. Then, in response to EPIC's filing, before approving those contracts MIA required EPIC to prepare a form of PBM agreement amendment that mostly covers the obligations of the PBM to comply with the PBM Law in its dealings with EPIC's Maryland members.

EPIC received MIA approval of the form of PBM Maryland addendum last week from MIA, completing the last stage of the initial registration. In the coming weeks EPIC will be sending the addendum to each PBM and it to permit the addendum to become effective for Maryland pharmacies. It is unclear whether the PBM will permit this and what EPIC's appropriate response is if the PBM refuses to accept the addendum. If the latter occurs, then EPIC's member pharmacies in Maryland could face being excluded from significant patient care networks, particularly those run by Caremark, Express Scripts and Optum.

If Maryland enacts Senate Bill 823, then the likely result is that the MIA will require the PBMs to agree to add a Maryland-specific addendum to its agreements with PSAOs, so that each PBM specifically promises to comply with the PBM Law in its dealings with the Maryland pharmacies. Such a contractual addendum, signed by the PBM as well as the PSAO (as each pharmacy's representative) will be of great value in furthering compliance with the legislature's will in passing the PBM Law. The provisions of Senate Bill 823 will enable the MIA to achieve this important objective, while also giving PBMs control over the process of obtaining approval of proposed amendments to their agreements with PSAOs. Accordingly, EPIC supports this bill.

Sincerely,

*/ David L. Cahn /*

David L. Cahn

# **SB0823 PSAO FAV EPIC - SHERR - HERPEL.pdf**

Uploaded by: DENNIS RASMUSSEN

Position: FAV





A Network Of  
Independently Owned  
Pharmacies

Testimony offered on  
behalf of:  
**EPIC PHARMACIES, INC.**

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**IN SUPPORT OF:**  
**SB0823 – Pharmacy Services Administrative Organizations and Pharmacy Benefits  
Managers - Contracts**

**Senate Finance Committee  
Hearing 3/16/22 at 1:00 p.m.**

EPIC Pharmacies, Inc., a Pharmacy Services Administrative Organization (PSAO) that has served Maryland independent pharmacies for 30 years, would like to express its **support for SB0823 – Pharmacy Services Administrative Organizations and Pharmacy Benefits Managers – Contracts.**

SB0823 corrects undue logistical burdens imposed by the passage of HB0978 in 2020 on all PSAOs operating in Maryland. EPIC is greatly concerned about the burden of HB0978 on our ability to continue operating in Maryland — and without the essential services that we provide to 134 Maryland independent pharmacies, many would not be able to remain open to serve the patients in their communities. We are grateful to the sponsor for introducing SB0823, 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. They have administered tests, vaccines, and boosters and provided patients sound medical advice during an otherwise uncertain time. In addition to these pandemic stresses, they face complex administrative pressures that make running a business a challenge. 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.

For large chain pharmacies, dealing with this red tape is no problem. They have a large, specialized staff that negotiates directly with Pharmacy Benefit Managers (PBMs). On the other hand, independent pharmacies struggle to manage these relationships and run their small business

at the same time. That is why PSAOs exist, to help alleviate these burdens. EPIC takes care of the back-office responsibilities and manages complex administrative and operational tasks on their behalf, such as handling the intricacies of claims, contracts, reimbursements, compliance, and credentialing. EPIC is a member owned organization that works to provide these services at the lowest cost possible to our pharmacies.

Furthermore, EPIC does not influence the price of medications or drug benefits. Regulating us like a PBM not only misaligns with our business model and function but will not bring any greater prescription drug price transparency. Instead, the undue burdens placed on PSAOs by HB0978 (2020) threaten our ability to operate.

EPIC requests the Committee's **favorable report on SB0823** to enable EPIC to continue providing essential support to independent pharmacies and pharmacies to fulfill their primary function: helping keep Maryland communities healthy.

Respectfully submitted,

Dr. Jeffrey B. Sherr, P.D.  
MD EPIC PharmPAC/Board Vice Chair  
Owner, Apple Discount Drugs  
443-235-2401  
[jeff@appledrugs.com](mailto:jeff@appledrugs.com)

Dr. Gerard A. Herpel, P.D.  
MD EPIC PharmPac & EPIC Board  
Owner, Deep Creek Pharmacy  
301-616-0130  
[docjer@deepcreekpharmacy.com](mailto:docjer@deepcreekpharmacy.com)

# **HDA Testimony in Support of SB 823.pdf**

Uploaded by: Matthew DiLoreto

Position: FAV

March 16, 2022

Senator Delores Kelley, Chair  
CC: Senate Finance Committee  
Miller Senate Office Building 3 East  
Annapolis, Maryland 21401

**Re: Healthcare Distribution Alliance (HDA) Support for SB 823**

Dear Chair Kelley, Vice Chair Feldman, and Honorable Members of the Finance Committee:

My name is Matthew DiLoreto and I am the Senior Vice President of State Government Affairs for the Healthcare Distribution Alliance (HDA), the national trade association representing the healthcare wholesale distribution industry. I am here today to voice HDA's strong support for Senate Bill (SB) 823, legislation that represents a technical correction to a previously enacted law aimed at greater pharmaceutical supply chain oversight, regulation and transparency. HDA respectfully requests Finance Committee members support of this legislation and we would like to thank the bill sponsors (Senator Kramer / Delegate Kelly) for their leadership and support.

HDA members serve as the vital link between pharmaceutical manufacturers and nearly 180,000 pharmacies, hospitals, long-term care facilities, clinics, and other points of care nationwide. A limited number of HDA member companies also provide additional administrative services to their independent pharmacy customers that voluntarily choose to utilize these options. These services are referred to as Pharmacy Service Administrative Organizations (PSAO). PSAOs are voluntary, administrative entities that assist independent pharmacies with back-office tasks and represent their interests to insurance plans and payers, such as Pharmacy Benefit Managers (PBMs). PSAOs are paid a flat monthly fee for these services. These services include audit support, claims reconciliation, evaluating, executing and navigating contracts – and more. Put simply, PSAOs exist to support pharmacy owners with their “back of office” duties, as these small business owners do not always have such in house expertise.

Although some larger HDA members offer PSAO services, it is important to understand that they are not tied to the larger distribution sector operations and they are in no way required to offer services to patients. Conflating the size of a distributor to its PSAO influence is an “apple to oranges” comparison. Just because the parent company may be a larger company, does not increase the impact of the PSAO services in the benefit space.

It's important to note that the technical changes offered in SB823 will still require the same registration of PSAOs and the same ultimate disclosure of contracts to the MIA that were mandated by the 2020 law. Additionally, pharmacies will still be able to obtain a copy of these executed contracts from their PSAOs (either electronically or hard copy). SB 823 targets a specific, technical issue within the Maryland statute. The 2020 law essentially required that PSAOs disclose forms that originate with the PBM, not the PSAO. This provision has proven to be administratively impossible for the PSAOs to comply with, ultimately leading one PSAO to pull out of Maryland entirely.

HDA appreciates the bill sponsors, as well as the MIA staff, and their willingness to understand the implementation issues with the current law. We appreciate the efforts to rectify these issues with the language being proposed today in SB 823 and thank all those here today voicing support for this legislation. Please contact me at [mdiloreto@hda.org](mailto:mdiloreto@hda.org) with any questions.

Sincerely,

Matt DiLoreto  
Senior Vice President- State Government Affairs & Alliance Development  
Healthcare Distribution Alliance

# **HDA Testimony in Support of SB 823.pdf**

Uploaded by: Sherry Nickerson

Position: FAV

March 16, 2022

Senator Delores Kelley, Chair  
CC: Senate Finance Committee  
Miller Senate Office Building 3 East  
Annapolis, Maryland 21401

**Re: Healthcare Distribution Alliance (HDA) Support for SB 823**

Dear Chair Kelley, Vice Chair Feldman, and Honorable Members of the Finance Committee:

My name is Matthew DiLoreto and I am the Senior Vice President of State Government Affairs for the Healthcare Distribution Alliance (HDA), the national trade association representing the healthcare wholesale distribution industry. I am here today to voice HDA's strong support for Senate Bill (SB) 823, legislation that represents a technical correction to a previously enacted law aimed at greater pharmaceutical supply chain oversight, regulation and transparency. HDA respectfully requests Finance Committee members support of this legislation and we would like to thank the bill sponsors (Senator Kramer / Delegate Kelly) for their leadership and support.

HDA members serve as the vital link between pharmaceutical manufacturers and nearly 180,000 pharmacies, hospitals, long-term care facilities, clinics, and other points of care nationwide. A limited number of HDA member companies also provide additional administrative services to their independent pharmacy customers that voluntarily choose to utilize these options. These services are referred to as Pharmacy Service Administrative Organizations (PSAO). PSAOs are voluntary, administrative entities that assist independent pharmacies with back-office tasks and represent their interests to insurance plans and payers, such as Pharmacy Benefit Managers (PBMs). PSAOs are paid a flat monthly fee for these services. These services include audit support, claims reconciliation, evaluating, executing and navigating contracts – and more. Put simply, PSAOs exist to support pharmacy owners with their “back of office” duties, as these small business owners do not always have such in house expertise.

Although some larger HDA members offer PSAO services, it is important to understand that they are not tied to the larger distribution sector operations and they are in no way required to offer services to patients. Conflating the size of a distributor to its PSAO influence is an “apple to oranges” comparison. Just because the parent company may be a larger company, does not increase the impact of the PSAO services in the benefit space.

It's important to note that the technical changes offered in SB823 will still require the same registration of PSAOs and the same ultimate disclosure of contracts to the MIA that were mandated by the 2020 law. Additionally, pharmacies will still be able to obtain a copy of these executed contracts from their PSAOs (either electronically or hard copy). SB 823 targets a specific, technical issue within the Maryland statute. The 2020 law essentially required that PSAOs disclose forms that originate with the PBM, not the PSAO. This provision has proven to be administratively impossible for the PSAOs to comply with, ultimately leading one PSAO to pull out of Maryland entirely.

HDA appreciates the bill sponsors, as well as the MIA staff, and their willingness to understand the implementation issues with the current law. We appreciate the efforts to rectify these issues with the language being proposed today in SB 823 and thank all those here today voicing support for this legislation. Please contact me at [mdiloreto@hda.org](mailto:mdiloreto@hda.org) with any questions.

Sincerely,

Matt DiLoreto  
Senior Vice President- State Government Affairs & Alliance Development  
Healthcare Distribution Alliance



# **MD SB823 Support Letter - Elevate.pdf**

Uploaded by: Sherry Nickerson

Position: FAV



## Elevate Provider Network

## Accelerate Specialty Network

March 15, 2022

Chair Kelley

CC: Senate Finance Committee

### **Re: Supporting SB 823, Pharmacy Services Administrative Organizations (PSAOs) and Pharmacy Benefits Managers (PBMs)**

Dear Chair Kelley and honorable members of the Senate Finance Committee:

On behalf of AmerisourceBergen's [Good Neighbor Pharmacy](#) (GNP), [Elevate Provider Network](#) and [Accelerate Specialty Network](#)—and the 69 PSAO customers we serve in Maryland—we are writing to express our support for SB 823.

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

Small, independent pharmacies have worked harder than ever to support Maryland communities through the COVID-19 pandemic. In addition to these pandemic stresses, they face complex administrative pressures that make running a business a challenge. 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. For large chain pharmacies, dealing with this red tape is no problem. They have a large, specialized staff that negotiates directly with PBMs. On the other hand, independent pharmacies struggle to manage these relationships and run their small business at the same time.

This is why PSAOs exist- to help alleviate these administrative burdens. We take care of the back-office responsibilities and manage complex administrative and operational tasks on their behalf, such as handling the intricacies of claims, contracts, reimbursements, compliance, and credentialing. We do not influence the price of medication or drug benefits or originate the contracts from PBMs. Regulating us like a PBM not only misaligns with our business model and challenges our ability to function, but also will not bring any greater prescription drug price transparency.

We respectfully request that the Committee support SB 823, enabling us and other PSAOs to continue providing essential support to independent pharmacies. That way, they can continue to fulfill their primary function: helping keep Maryland communities healthy.



## Elevate Provider Network

## Accelerate Specialty Network

Sincerely,

Cristina K. Muñoz, MPA  
Sr. Director, State Government Affairs, AmerisourceBergen  
and on behalf of  
Good Neighbor Pharmacy,  
Elevate Provider Network and  
Accelerate Specialty Network

[Cristina.Munoz@AmerisourceBergen.com](mailto:Cristina.Munoz@AmerisourceBergen.com)

M: 602.291.0504

412 1<sup>st</sup> St. SE Suite 200  
Washington, DC 20003

### **About Good Neighbor Pharmacy (GNP):**

GNP is a family of locally owned, locally loved, independent pharmacies united by their commitment to providing personalized care to their patients. GNP pharmacists care for millions of patients at thousands of locations across the United States, including GNP's 34 pharmacies in Maryland. GNP has ranked "Highest in Customer Satisfaction with Chain Drug Store Pharmacies" in the J.D. Power 2021 U.S. Pharmacy Study. This is GNP's 5th consecutive year earning this ranking and our 10th recognition in the last 12 years.

### **About Elevate Provider Network (Elevate):**

Elevate is a pharmacy services administrative organization (PSAO) that serves 65 Maryland based community and independent pharmacies by helping them contract with payers and providing other administrative functions. This pharmacy-friendly PSAO enhances the ability of community and independent pharmacies to efficiently serve their customers and provide optimal patient care—especially in underserved communities where an independent or community pharmacist might be the only immediately accessible healthcare provider. Elevate works diligently to reduce unnecessary costs for pharmacies; make it easy to understand complicated contracts; keep pharmacies up to date on industry changes; utilize industry expertise and resources to provide access to more patients; and enable pharmacists to spend more time focusing on patients—thus improving patients' health.

### **About Accelerate Specialty Network (Accelerate):**

AmerisourceBergen combined our market-leading PSAO services with our extensive specialty experience to create the nation's first specialty-focused PSAO. Built to partner with the payers to help promote and enable accessible community-based pharmaceutical care, Accelerate offers members solutions and insights that aim to deliver beneficial payer contracts—allowing providers to reduce administrative responsibilities and focus on what matters most: providing the best possible care to their patients.



**Elevate Provider Network**

**Accelerate Specialty Network**

# **SB823 Letter of Support\_Health Mart Atlas\_cl.pdf**

Uploaded by: Sherry Nickerson

Position: FAV



March 16, 2022

The Honorable Delores G. Kelley  
Senate Finance Committee  
3 East  
Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Letter of Support for SB 823, Pharmacy Services Administration Organizations and Pharmacy Benefit Managers

Dear Chair Kelley and Members of the Committee:

Health Mart Atlas is a Pharmacy Services Administrative Organization (PSAO) and a service partner to 75 independent pharmacies in Maryland and 6,165 pharmacies nationwide.

A PSAO is an administrative liaison hired by community pharmacies to increase efficiencies and performance and to help these small businesses navigate the complexity within the managed care marketplace.

The role of a PSAO is to assist pharmacies with daily back-of-office responsibilities, including engaging with Pharmacy Benefit Managers (PBMs) and executing PBM contracts on the pharmacy's behalf, understanding pharmacy performance against PBM specific requirements, and other important operational needs that are critical to helping pharmacies focus on patient care. PSAOs do not influence the price of medication, drug benefits, or originate the contracts from PBMs. Therefore, regulating a PSAO like a PBM has unintended consequences for independent pharmacies, does not reflect the true nature of the PSAO business model, and challenges our ability to function and advocate on behalf of the independent pharmacies that are our customers.

SB 823 alleviates some logistical burdens on PSAOs in Maryland, which were created by the passage of HB 978 during the 2020 legislative session. HB 978 unintentionally conflated some of the responsibilities of PBMs with the responsibilities of PSAOs, by requiring them to report contracts that only PBMs can provide. I am grateful that Senator Benjamin Kramer introduced SB 823 which could correct this issue and allow us to continue successfully operating in Maryland.

Sincerely,

A handwritten signature in cursive script that reads 'Crystal Lennartz'.

Crystal Lennartz  
Vice President and General Manager  
Health Mart Atlas

# **AlignRx SB0823 Testimony.pdf**

Uploaded by: Asher Mannari

Position: FWA



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



[alignrx.org](http://alignrx.org)



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



800.755.1229



PO Box 8400 Edmond, Ok 73083-8400



[alignrx.org](http://alignrx.org)

# **SB 823 w amend-IPMD-Fav w amend.pdf**

Uploaded by: James Doyle

Position: FWA





SB 823

Pharmacy Services Administrative Organizations and Pharmacy Benefit Managers-Contracts

Position of Independent Pharmacies of MD (IPMD): Favorable with Amendments

Independent, community pharmacies have only one issue with the bill. Currently, section 15-2011 (a) requires a PSAO to provide to an independent pharmacy a copy of any contracts, reimbursement rates and payment schedules, signed on behalf of the pharmacy by the PSAO. In signing a contract on behalf of the pharmacy, the PSAO is acting as an agent of the pharmacy. As I practicing attorney, I am not aware of any situation where a copy of a contract signed by an agent would not be provided automatically, as a matter of course.

However, SB 823 changes that requirement to one in which the pharmacy can ask for the contract, assuming that it even knows when and what to ask for, or that a contract or reimbursement schedule was entered into on its behalf. It would no longer be provided with the contract as a matter of course, as it should be, so that it knows exactly what its contractual obligations are.

The sponsor of the cross-filed bill in the House, Delegate Kelly, has agreed to offer the attached amendment to correct this problem. And to make it a simple task for a PSAO, the amendment would allow either an electronic or paper copy of the contract to be provided.

IPMD requests a favorable report with the amendment.

Contact: James J. Doyle; [jimdoyle3@comcast.net](mailto:jimdoyle3@comcast.net)

443-6776-2940





HB0973/213123/1

AMENDMENTS  
PREPARED  
BY THE  
DEPT. OF LEGISLATIVE  
SERVICES

08 MAR 22  
20:04:12

BY: Delegate Kelly

(To be offered in the Health and Government Operations  
Committee)

AMENDMENTS TO HOUSE BILL 973  
(First Reading File Bill)

(SB 823)

AMENDMENT NO. 1

On page 1, in line 11, strike “requiring” and substitute “allowing”; in line 12, strike “access to, rather than”; in the same line, strike the second comma; and in line 13, after “pharmacies” insert “in an electronic or paper format”.

AMENDMENT NO. 2

On page 3, in line 24, strike the brackets; in the same line, strike “a” and substitute “AN ELECTRONIC OR PAPER”; and in the same line, strike “ACCESS TO”.

# **SB 823 2022 MIA Letter of Information Final.pdf**

Uploaded by: Kathleen Birrane

Position: INFO

LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lt. Governor



KATHLEEN A. BIRRANE  
Commissioner

GREGORY M. DERWART  
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202  
Direct Dial: 410-468-2471 Fax: 410-468-2020  
Email: [kathleen.birrane@maryland.gov](mailto:kathleen.birrane@maryland.gov)  
[www.insurance.maryland.gov](http://www.insurance.maryland.gov)

TESTIMONY OF  
THE  
MARYLAND INSURANCE ADMINISTRATION  
BEFORE THE  
SENATE FINANCE COMMITTEE

MARCH 16, 2022

SENATE BILL 823 – PHARMACY SERVICES ADMINISTRATIVE ORGANIZATIONS AND PHARMACY  
BENEFITS MANAGERS - CONTRACTS

**POSITION: LETTER OF INFORMATION**

Thank you for the opportunity to provide written comments on Senate Bill 823 (SB 823).

SB 823, if enacted, would make certain technical and clarifying changes to the Pharmacy Services Administrative Organization (PSAO) requirements under Maryland law. Specifically, SB 823 revises the PSAO contract filing requirements under § 15-2010 of the Insurance Article to remove the requirement that a PSAO must file contracts between Pharmacy Benefit Managers (PBMs) and PSAOs with the Maryland Insurance Administration (MIA). Simultaneously, SB 823 will revise the PBM contract filing requirements under § 15-1628(b) of the Insurance Article to require PBMs to file the contracts between PBMs and PSAOs with the MIA. SB 823 also revises § 15-2004 to clarify that a PSAO is not required to register with the MIA in order to contract with a PBM, if the PSAO is not contracting with any independent pharmacies in Maryland. Finally, the bill makes a minor technical change to § 15-2011, to clarify that PSAOs are permitted to provide independent pharmacies electronic access to certain documents in lieu of physical copies.

Altering the contract filing requirements will address an unanticipated logistical and administrative challenge created by the existing law. For form filings, entities typically file template forms with the MIA which, when approved, can be used by the entity in contracting with any other party. Existing law requires each PSAO to file each contract made between that PSAO and a PBM. If PSAOs utilized contracting template forms, this obligation would be satisfied by a PSAO's submission of its template for review by the MIA. However, in practice, it

is the PBM, not the PSAO, that develops and offers its contract templates to a PSAO. Therefore, each PSAO has been required to file every single actual contract it proposes to enter into with each PBM, resulting in a very inefficient filing and review process for contracts between PSAOs and PBMs. This process is inconsistent with the way all other types of form filings are reviewed by the MIA, and it has required the MIA to devote a disproportionately large amount of resources to the review of PSAO filings, as compared to other form filings.

**SB 823 will remedy this problem and significantly reduce the amount of contracts between PBMs and PSAOs that are filed with the MIA, while preserving the MIA's ability to ensure that these contracts comply with applicable Maryland law.**

If enacted, the MIA will receive contracts between PBMs and PSAOs under the PBM contract filing requirement, rather than the PSAO contract filing requirement. Since the PBMs are the entities that have control over the drafting of these contracts, this will allow contract templates to be filed, rather than all of the actual contracts, which was unintentionally required under the existing law. Fewer state resources will now be required to review the contracts due to the reduction in the number of total filings, and because filings from PBMs are informational-only filings under Maryland law, while filings from PSAOs require the MIA to review the forms within 60 days and determine whether to disapprove the filings. Recategorizing these contracts as informational filings will allow the MIA to more effectively manage the workflow of all required form filings. This will allow MIA staff to be more efficient and productive in reviewing other types of form filings that are subject to significantly more regulatory standards than PSAO contracts. **The increased efficiencies in the review process are thus expected to benefit PBMs, PSAOs, and the MIA.**

The MIA thanks the committee for its attention to this information concerning SB 823.