



March 9, 2022

The Honorable Shane E. Pendergrass
Health and Government Operations Committee
House Office Building Room 241
6 Bladen Street
Annapolis, Maryland 21401

RE: Letter of Support for HB973, Pharmacy Services Administrative Organizations and Pharmacy Benefit Managers

Dear Chair Pendergrass 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.

HB 973 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 Delegate Kelly introduced HB 973 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