



## DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

March 23, 2022

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

### **RE: SB 186 - Maryland AIDS Drug Assistance Program – Rebates - Letter of Support**

Dear Chair Pendergrass and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of support for Senate Bill (SB) 186 - “Maryland AIDS Drug Assistance Program – Rebates.” SB 186 will allow rebates received by the Maryland AIDS Drug Assistance Program (MADAP) to be held in interest bearing accounts. The proposal will also modify State Finance and Procurement Article §6-226 to allow interest earned from such accounts to be transferred to a special nonlapsing fund.

During a recent Office of Legislative Audits (OLA) review of MDH pharmacy services, OLA determined that MADAP was not receiving the interest earned on MADAP rebate funds. As noted in Policy Clarification Notice 15-03 and 15-04<sup>1</sup>, and based on the regulatory requirement contained in 45 Code of Federal Regulations 75.305(b)(5)<sup>2</sup>, interest earned must be used by the program before requesting a payment from the Department of Health and Human Services’ Payment Management Services system.

MDH received input from the Maryland State Treasurer’s Office that led to the technical amendments of the bill that were adopted by the Senate. The bill as amended formally establishes the Maryland AIDS Drug Assistance Program Fund.

If you have any questions or comments please contact Heather Shek, Director, Office of Governmental Affairs, at 410-767-5282 or [heather.shek@maryland.gov](mailto:heather.shek@maryland.gov).

Sincerely,

Dennis R. Schrader,  
Secretary

<sup>1</sup> [https://hab.hrsa.gov/sites/default/files/hab/Global/pcn\\_15-03\\_program\\_income.pdf](https://hab.hrsa.gov/sites/default/files/hab/Global/pcn_15-03_program_income.pdf);  
[https://hab.hrsa.gov/sites/default/files/hab/Global/pcn\\_15-04\\_pharmaceutical\\_rebates.pdf](https://hab.hrsa.gov/sites/default/files/hab/Global/pcn_15-04_pharmaceutical_rebates.pdf)

<sup>2</sup> <https://www.govinfo.gov/content/pkg/CFR-2020-title45-vol1/pdf/CFR-2020-title45-vol1-sec75-305.pdf>