



A Network Of  
Independently Owned  
Pharmacies

Testimony offered on behalf of:

## EPIC PHARMACIES, INC.

IN SUPPORT OF:

**HB 1007 – MD Medical Assistance & MCO That Use PBM's – Reimbursement Requirements**

Hearing 3/10/2022 at 1:30PM

EPIC Pharmacies Supports HB 1007 – Maryland Medical Assistance & MCO that use PBM's – Reimbursement Requirements.

To lower healthcare costs for the citizens of Maryland and revenue expenditures for the State of Maryland, EPIC Pharmacies believes it is essential to have a fair and transparent pricing structure for Medicaid Managed Care Organizations (MCO's). The current pricing structure is unfair in that the majority of MCO prescription claims in Maryland are reimbursed below the cost of retail pharmacies to acquire the medication. Medicaid Fee for Service is Federally obligated to periodically survey and evaluate the prescription market in Maryland, and to reimburse pharmacies based upon the actual cost to acquire and dispense those medications.

This bill might seem counter intuitive. How can the State save money by mandating that MCOs reimburse the majority of prescriptions fairly? If only it were that simple. Independent retail pharmacies fill the least expensive prescriptions available on the market. These inexpensive generic prescriptions and low to moderately priced brand name drugs are not driving the health care expenditures in the country and state.

Specialty Drugs, though dispensed in lesser quantity are driving health care expenditures as stated by the CVS Caremark Drug Trend Report 2020 (By the way, they stopped publishing these drug trend reports). Because of laws like *2015 Maryland Code INSURANCE Title 15 - HEALTH INSURANCE Subtitle 8 - REQUIRED HEALTH INSURANCE BENEFITS § 15-847 - Coverage for specialty drugs*, the State legislature in Maryland and many other states created a new class of drugs (Specialty Drugs) and gave a virtual monopoly to dispensing those drugs to the same for profit entities that are supposed to curb drug costs for their clients. These vertically integrated PBM/Pharmacies are Fortune 30 companies and have no fiduciary responsibility to the State of Maryland even though EPIC has requested this in past pieces of legislation. Are these Fortune 30 companies reimbursing themselves under cost or even at the NADAC + \$10.67 rate for Specialty drugs? Unlikely.

Examples:

- Mark Cuban's CostPlus Pharmacy advertises a cancer treatment, Imatinib, generic Gleevec for \$17.10. The average cash paying price in Maryland for this treatment is \$288.44. The average insurance reimbursed claim for this drug is \$621.61. The NADAC price for this prescription is \$94.20, which would calculate a final cost of \$104.87 under the pricing suggested by this legislation.
- Blueberry Pharmacy (the original cost+ pharmacy, before Cuban stole his idea) lists Sildenafil 20mg, for pulmonary hypertension for \$11.58 for 30 tabs. The average cash paying price in Maryland for this treatment is \$27.55. The average insurance reimbursed claim for this drug is \$55.00. The NADAC price

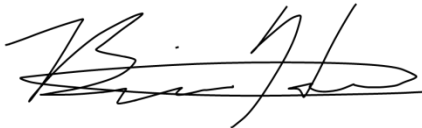
for this prescription is \$2.80, which would calculate a final cost of \$13.47 under the pricing suggested by this legislation.

Why are the insurance prices so high? Because *HEALTH INSURANCE BENEFITS* § 15-847 gave a specialty monopoly to the self-serving entities that would rather line their own pockets than contain costs.

When the Maryland Medicaid Fee for Service program converted from WAC based pricing to NADAC based pricing, the Fee for Service Division Chief told stake holders that more than anything else, NADAC pricing would more equitably spread State of Maryland funding to all stakeholders rather than the current system, where a few stakeholders had outsized gains to the detriment of the many. We could not agree with him more.

As such, EPIC Pharmacies recommends a favorable report on HB 1007.

Thank you,

A handwritten signature in black ink, appearing to read "Brian M. Hose". The signature is stylized and written over a horizontal line.

Brian M. Hose, PharmD  
EPIC PharmPAC Chairman  
301-432-7223  
brian.hose@gmail.com