

March 8, 2022

Delegate Shane Pendergrass, Chair  
House Health and Government Operations Committee  
House Office Building Room 241  
Annapolis, Maryland 21401

Re: Support for HB973 Pharmacy Services Administrative Organization Bill

Chair Pendergrass and Members of the House Health and Government Operations Committee:

My name is Scott Pace and I am a pharmacist and pharmacy owner in Little Rock, Arkansas. I am testifying in support of the technical changes presented in HB973. I serve as a consultant to the Healthcare Distribution Alliance to provide my expertise and the independent pharmacists' perspective on Pharmacy Services Administrative Organizations (PSAOs).

PSAOs provide an important voluntary service for my pharmacy and many other independent pharmacies in the U.S. This function involves evaluating and executing contracts on my behalf with health plans and pharmacy benefits managers. Pharmacies like mine pay a flat monthly fee for these services.

In 2020, the Maryland General Assembly passed a law requiring licensure of PSAOs and disclosure to the MIA of contract forms and amendments to contract forms that PSAOs enter with pharmacy benefits managers (PBMs) on behalf of independently owned pharmacies. The 2020 law essentially requires the PSAOs to disclose contracts forms and amendments to contract forms originated by the PBMs, not the PSAOs, and to do so within 60 days of these contracts going into effect. This provision has proven to be administratively impossible for the PSAOs and has led to one PSAO pulling out of Maryland.

The technical changes offered in HB973 will still require the same registration of PSAOs and the same ultimate disclosure of contracts to the MIA. The fundamental change is that the PBMs will be the disclosing entity for contract forms and amendments to contract forms that they originate, rather than the PSAOs. Pharmacies will still be able to obtain a copy of these executed contracts from the PSAOs (either electronically or hard copy).

This is a commonsense clean-up to the 2020 law and will help to ensure that the PSAO industry is able to comply with the law and that the intent of the 2020 law can be fully realized.

Thank you for the opportunity to submit testimony in support of HB973.

Sincerely,

Scott Pace, Pharm.D., J.D.  
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