



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

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**IN SUPPORT OF:**  
**HB0374 – Health Insurance – Pharmacy Benefits Managers –**  
**Audits of Pharmacies and Pharmacist**

**SENATE FINANCE COMMITTEE**  
**Hearing: 3/29/2023 at 1:00 PM**

EPIC Pharmacies, Inc. **SUPPORTS HB0374 – Health Insurance – Pharmacy Benefits Managers – Audits of Pharmacies and Pharmacists, as amended in the House, without further amendments.**

Very few, if any, pharmacy audits in Maryland are the result of pharmacy fraud or malfeasance. In fact, EPIC is not aware of any audits that resulted in the removal of any Maryland pharmacies from a Pharmacy Benefit Manager's (PBM's) network. Despite what the Pharmaceutical Care Management Association (PCMA) might say, the purpose of pharmacy audits are not to improve patient care. Pharmacy audits are simply revenue streams for PBMs, auditing companies, and payers. *Warfarin* is an inexpensive prescription medication that is responsible for many unnecessary hospitalizations. PBMs primarily audit expensive prescriptions because those claims have a tremendous risk/ reward potential for the PBM, not inexpensive *Warfarin*. The miniscule audit risk for the PBM is the hourly rate of a technician. The cost to the pharmacy is the tremendous time burden of taking away a pharmacist owner or manager from direct patient care to focus on the time of the audit as well as the onerous and time-consuming appeals process, and obviously the loss of revenue for funds captured back when the patient received the correct medication and took the medication properly.

**HB0374** offers solutions for the following abuses and issues of the current pharmacy auditing environment:

- **Adds MCOs into the group of plans affected by Maryland Audit Laws.** Historically, MCO claims were exempt from Maryland's very reasonable audit language. To our knowledge, a payer or PBM had never complained that Maryland's audit laws were unreasonable.
- Allows a completed register transaction as proof of patient delivery and receipt, just like the chain pharmacies that own the PBM that audits them.
- Prevents charge backs to pharmacies for days of supply rejections that result from the PBMs own inability to accept the correct days of supply in their computer system because of an unbreakable package, such as Insulin, Inhalers, and Eye Drops.
- **Prevents a PBM from looking at a pharmacies bank records, credit card receipts, and depository statements.** Many PBMs are direct business competitors because they are

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vertically integrated. Wouldn't you like unfettered access to your competitors bank, business, and financial records?

- Limits the number of prescriptions that may be audited to a reasonable amount.
- Adds common sense communication and data submission requirements such as **mandating that the auditing company or PBM have the infrastructure in place to accept HIPAA secure emails for the data that they request** as well as phone numbers for audited pharmacies to speak with a live person should they have any questions.

In 2008, Maryland was one of the first States to enact common sense pharmacy audit language that became a model for many other States. PBMs fought that original *HB0257 (Chapter 262, Acts of 2008)* tooth and nail. Since its enactment, **not one payer, PBM, nor auditing company has ever complained that our laws prevented them from conducting pharmacy audits.**

EPIC Pharmacies respectfully asks your **FAVORABLE SUPPORT for HB0374 as amended in the House, without further amendments.**

Should the Committee require any additional information, please contact me or Dennis F. Rasmussen, [dfr@rasmussengrp.net](mailto:dfr@rasmussengrp.net) or 410-821-4445.

Respectfully,



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