



HB 382 (2023)

Maryland Medical Assistance Program and Managed Care Organizations That Use Pharmacy Benefit Managers-Reimbursement requirements

POSITION OF IPMD: FAVORABLE

1. As originally introduced, HB 382 set minimum reimbursement levels to pharmacies under Medicaid at least equal to the NADAC acquisition cost of the drug plus a professional dispensing fee determined in accordance with the most recent in state cost-of-dispensing survey. As amended, the bill requires the collection of data in order to determine an adequate reimbursement level by PBMs.
2. Medicaid MCO reimbursements to pharmacies by PBMs are notoriously low. According to the 2020 Myers and Stauffer study, the average is about 50 cents as a dispensing fee per subscription, well below actual costs. Pharmacies estimate it is actually 35 cents. This business model is not sustainable and dispensing fees must be significantly boosted under Medicaid managed care. Under traditional Medicaid, reimbursements approved by CMS are around \$ 10.67 as a professional dispensing fee.
3. PBMs and their affiliated pharmacies, including PBM mail order pharmacies, are unbelievable profitable, as PBMs have the power to steer business to their affiliated pharmacies, the power to require the use of their mail order pharmacies, the power to determine who will be included in their networks, the power to set plan terms on a take it or leave it basis; in addition, they reap large profits through rebates from drug companies and through spread pricing. Moreover, PBM and PBM affiliated pharmacies are often a part of the same large conglomerate; for example the CVS PBM, a part of the large conglomerate consisting of Aetna Insurance, CVS Pharmacies, CVS PBM, and CVS Mail Order Pharmacies. For fiscal year ending 2022, just the PBM division of CVS had revenues over \$169 Billion, up 10.6% over a year ago (and up 8% over the year before).
4. This bill, as amended in the House, will allow the Drug Affordability Board, and the Department of Health, to collect necessary data to help determine a fair reimbursement rate that should be paid to Independent Pharmacies by PBMs under Medicaid managed care programs.