



Testimony offered on
behalf of:

EPIC PHARMACIES, INC.

IN SUPPORT OF:

**HB 382 – Pharmacy Benefits Administration - Maryland Medical Assistance Program
and Pharmacy Benefits Managers**

Hearing 3/29 at 1:00PM

EPIC Pharmacies Supports HB 382 – Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers as amended.

To control increasing healthcare costs for the citizens of Maryland and revenue expenditures for the State, 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 unfairly allows PBMs to reimburse the majority of MD MCO prescription claims below the cost retail pharmacies must pay to acquire the medication. Medicaid Fee for Service (FFS) on the other hand, is federally obligated to survey and evaluate the prescription market in Maryland, and to reimburse pharmacies based upon the actual cost to acquire and dispense those medications. This has been accomplished by an independent accounting firm who continuously surveys the actual medication costs from real invoices to publish the National Average Drug Acquisition Cost or NADAC and by the State surveying dispensing costs periodically to determine the FFS dispensing fee. Both NADAC and the MD FFS dispensing fee (currently \$10.49) are based in reality and are not beholden to generating profit for PBM executives or stockholders.

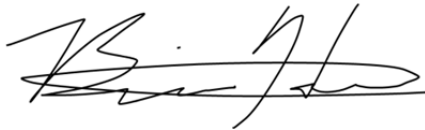
When the Maryland Medicaid Fee for Service program converted from WAC based pricing to NADAC based pricing, the FFS Division Chief told stake holders that NADAC pricing would more equitably spread State of Maryland funding to all stakeholders rather than the previous system, where a few stakeholders had outsized gains to the detriment of the others. We could not agree with him more. That conversion in price methodology was considered net neutral for MD and we believe that if done correctly, this change in the MCO program could also be neutral to the State budget.

This bill in its amended form will require a study of reimbursements within the Medicaid MCO space that we hope will show the State of Maryland what legislatures in states such as

California, Missouri, North Dakota, Tennessee, West Virginia, Wisconsin, Arkansas, Delaware, Georgia, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, North Carolina, and Ohio have already come to realize. Allowing for fair reimbursement models that are transparent and not determined by a PBM, saves taxpayer dollars.

As such, EPIC Pharmacies recommends a favorable report on HB 382 as amended.

Thank you,

A handwritten signature in black ink, appearing to read "Brian M. Hose". The signature is fluid and cursive, with a large initial "B" and "H".

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