



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 3/2 at 1:00PM

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

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.

This bill might seem counter intuitive. How can the State save money by mandating that MCOs reimburse 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 a much smaller percentage of claims, are driving health care expenditures as stated by the CVS Caremark Drug Trend Report 2020 (They have since 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 created a new class of "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/Pharmacy/Insurer conglomerates are Fortune 30 companies and have no fiduciary responsibility to the State of Maryland or any of their other clients. Are these Fortune 30 companies reimbursing themselves under cost or even at the NADAC + \$10.49 rate for Specialty drugs? Highly unlikely.

Examples of Specialty products that are currently overpaid:

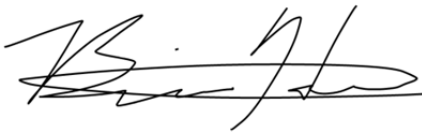
- A cancer treatment, Imatinib 100mg which is generic for Gleevec. The average insurance reimbursed claim for this drug is \$313.60. The NADAC price for this prescription is \$17.90, which would calculate a final cost of \$28.39 under the pricing suggested by this legislation.
- A multiple sclerosis treatment, Dimethyl Fumerate 240mg which is generic for Tecfidera. The average insurance reimbursed claim for this drug is \$340.03. The NADAC price for this prescription is \$120.02, which would calculate a final cost of \$130.51 under the pricing suggested by this legislation.

Why are the insurance prices so high? Because *HEALTH INSURANCE BENEFITS* § 15-847 gives 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 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.

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

Thank you,



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