

February 27, 2024

The Pam Beidle, Chair
The Honorable Katherine Klausmeier, Vice Chair
Finance Committee
2 West, Miller Senate Office Building
Annapolis, Maryland 21401

Testimony of LiUNA

SB 626: Pharmacy Benefits Managers – Definition of Carrier, ERISA, and Purchaser Position: UNFAVORABLE

Chair Beidle, Vice Chair Klausmeier, and Members of the Senate Finance Committee,

LiUNA appreciates the opportunity to offer testimony on SB 626

The Baltimore Washington Laborers' District Council (BWLDC), an affiliate of the Laborers' International Union of North America, or LiUNA for short, is strongly opposed to SB 626.

The BWLDC represents more than 7,500 members across Maryland, Virginia, and the District of Columbia. Our members are proudly employed on many infrastructure construction projects across the region. More than half of our members are Maryland residents.

LiUNA opposes SB 626 and its cross-file, HB 726 as they broadly expand Maryland's regulation of pharmacy benefit managers working on behalf of self-funded large employers, counties, municipalities, unions and their respective employees.

One of the most important fringe benefits a LiUNA member receives is health insurance coverage. This legislation, SB 626, has the potential to adversely impact the cost and type of coverage our members are provided.

SB 626 would upend a long body of case law and a long legislative history of the State not regulating self-funded or ERISA health insurance plans. SB 626 has been supported by pharmacies for the sole purpose of increasing their remuneration at the expense of union members. The proponents incorrectly assert that this legislation is constitutional under the 2020 Supreme Court decision in *Rutledge v. PCMA*.

If passed this legislation would result in employers and unions with self-funded plans would have inconsistent rules across state lines. SB 626 would result in additional costs for employers and or union members. The increased costs will be borne directly by the employer or our union members in the forms of decreased benefits or increased co-pays for prescription drugs.

Specifically, SB 626 may change current negotiated health care plans and coverages in the following manner:

- 1) Increasing prescription dispensing fees;
- 2) Altering the terms and costs of mail order pharmacy dispensing;
- 3) Altering current networks; and
- 4) Eliminating protections from price gouging for specialty drugs.

We urge this committee to protect our current benefits and allow our plans to be treated consistently nationwide. We strongly oppose the legislation and respectfully ask for an unfavorable report. Should the committee have any questions please reach out to our legislative counsel, Bill Kress.