

SB626 ERISA EPIC Testimony in SUPPORT .pdf

Uploaded by: Caitlin McDonough

Position: FAV



Testimony offered on behalf of:
EPIC PHARMACIES, INC.

IN SUPPORT OF:

SB 626 – Pharmacy Benefits Managers – Definitions of Purchaser and Alteration of Application of Law.

Senate Finance Committee

Hearing 2/28 at 1:00 PM

EPIC Pharmacies, Inc. **SUPPORTS SB 626** – Definitions of Purchaser and Alteration of Application of Law.

We have been dealing with the repercussions of federal ERISA laws in Maryland as they related to PBMs for many years. The State and this committee have always taken the PBM assumption that their unscrupulous business practices were protected by ERISA laws as fact. Finally, federal cases have made their way through the court system and in 2020, the Supreme Court decided to hear *Rutledge v. PCMA*. This case was brought by the Arkansas Attorney General in defense of a 2015 law that regulates PBMs and mandates fair payments for all insurance plans they represent. In December of 2020, the court unanimously ruled on behalf of *Rutledge* and Arkansas. After that decision, we worked with the General Assembly in 2021 to remove any mention or implication that ERISA preempted PBM legislation from MD law, but were discouraged by the committee's reluctance to broadly apply the ruling, choosing to only target reimbursement. Since 2021, it has become clear in an opinion from the Maryland Attorney General and a report from the Maryland Insurance Administration that the ruling most certainly should apply to all types of PBM regulation. SB 626 will clean up the MD statute and expand the regulation of PBMs to all plans and all sections of the law.

You will continue to hear from PCMA that this is not settled law, but in November of 2021, the 8th Circuit Court further upheld the Supreme Court ruling in the North Dakota case of *PCMA v. Wehbi*. This ruling went even further in rebuking the claims that PBMs cannot be regulated by allowing North Dakota's law to apply to Medicare Part D plans as well. The clear message from these decisions is that State Legislatures like this one, can most certainly regulate the actions of PBMs. No matter what you may hear from PCMA today or going forward, this issue of ERISA preemption has been settled and they can no longer hide behind an almost 50 year old law.

In this Committee, for as long as we can remember, we fought the efforts of PCMA to limit any State law regulating PBMs to a very small percentage of plans. The Supreme Court eliminated the ERISA excuse from this argument and has indicated that all PBM plans are subject to regulation by State Legislatures and committees such as this one. SB 626 will allow the State to

enforce all current PBM laws in a way that more uniformly regulates the industry and allows for a more level playing field. This will ultimately benefit patients in Maryland.

I thank the committee for all the work they have done working through PBM legislation in the past and respectfully ask your support for SB 626.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Hose". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

SB0626_FAV_MedChi_PBM - Definition of Purchaser &

Uploaded by: Danna Kauffman

Position: FAV

MedChi

The Maryland State Medical Society

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TO: The Honorable Pam Beidle, Chair
Members, Senate Finance Committee
The Honorable Steven S. Hershey, Jr.

FROM: Danna L. Kauffman
Pamela Metz Kasemeyer
J. Steven Wise
Andrew G. Vetter
Christine K. Krone
410-244-7000

DATE: February 28, 2024

RE: **SUPPORT** – Senate Bill 626 – *Pharmacy Benefits Managers – Definitions of Purchaser and Alteration of Application of Law*

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports** Senate Bill 626. Under Chapter 358 of 2021, certain provisions of law governing pharmacy benefits managers (PBMs) applied only to PBMs that provide pharmacy benefits management services on behalf of a carrier. This bill expands the definition and makes the following provisions of the Insurance Article apply to all PBMs, including those providing services on behalf of self-funded plans and insured plans:

- information on and sales of prescription drugs (§ 15-1611);
- choice of pharmacy by a beneficiary (§ 15-1611.1);
- reimbursement for a pharmaceutical product or pharmacist service (§ 15-1612);
- pharmacy and therapeutics committee requirements (§ 15-1613);
- audits by PBMs (§ 15-1629); and
- review process requirements (§ 15-1630).

It is important to note that there is a court case *Rutledge v. Pharmaceutical Care Management Association* that addressed the legal issues concerning the regulation of ERISA plans under state laws. The Maryland Insurance Administration (MIA) issued a report following the decision and stated, “Applying that standard to Maryland law, it is the view of the MIA that should

the legislature determine to apply additional provisions of Title 15, Subtitle 16 to PBMs when providing services to an ERISA plan, ERISA would not preempt the MIA's enforcement of those laws in that context." While it could be argued by some that this bill protects pharmacies, MedChi believes that it is a consumer protection bill. Under this bill, patients will benefit from greater MIA oversight. PBMs have an increased role in patient care and are, in essence, determining whether patients receive necessary care through prior authorization and other policies. It is also important to note that 80% of the PBM market is owned by three insurance companies but are not regulated as such.

Therefore, MedChi believes that, with the increasing role that PBMs play in determining the delivery of health care services, additional MIA oversight is appropriate and necessary. We urge a favorable vote.

SB626.LOS.hf.20240227.pdf

Uploaded by: Heather Forsyth

Position: FAV

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February 27, 2024

To: Pamela Beidle, Chair
Senate Finance Committee

From: Heather Forsyth, Deputy Director, Health Education and Advocacy Unit

RE: SB0 626 – Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law (**Support**)

The Office of the Attorney General's Health Education and Advocacy Unit (HEAU) supports Senate Bill 626, which allows the State to apply various pharmacy benefit consumer protections (and independent pharmacy protections) to the activities of Pharmacy Benefit Managers (PBMs) in accordance with the U.S. Supreme Court decision in *Rutledge v. Pharmaceutical Care Management Association*, 1415 S. Ct. 474 (2020).

Currently the majority of Maryland's PBM laws do not apply to self-funded plans; instead, Maryland laws only apply to PBMs when they are acting on behalf of a carrier. Following a successful Supreme Court decision in *Rutledge* finding ERISA did not preempt Arkansas's law regulating PBMs, the MIA studied Maryland's laws and concluded current statutory requirements would not be preempted by ERISA because the PBM provisions do not relate to "who" receives benefits or "what" benefits are received, in keeping with the decisions in *Rutledge* and subsequent lower court decisions. In other words, as long as state laws do not direct the decisions of the ERISA plan itself, state laws may regulate PBMs even if such laws happen to impact ERISA plan costs and design structure.

This legislation expands the protections the General Assembly has provided for pharmacy benefits. For example, the bill would not allow a PBM to prohibit a pharmacy or pharmacist from telling consumers the retail price of a prescription drug or if a more affordable

drug is available, nor require a consumer to use a specific pharmacy if the PBM has an ownership interest in the pharmacy, nor allow a PBM to reimburse a pharmacy less than it would itself or an affiliate.

For these reasons, we urge a favorable report from the committee for SB 626.

IPMD - SB 626;HB 726-2024(3).pdf

Uploaded by: James Doyle

Position: FAV



SB 626/ HB 726 (2024)

Pharmacy Benefit Managers- Definition of Purchaser and Alteration of Application of Law

Position of Independent Pharmacies of Maryland (IPMD): FAVORABLE

WHAT THIS BILL DOES:

- **This Bill will subject ERISA Pharmacy Benefit Managers (PBMs) to all of the provisions of the Insurance Code, set out in Title 15, subtitle 16, that other PBMs must already comply with.**
- Passage of this bill is important to independent pharmacies, as it will finally require ERISA PBMs to: (1) eliminate gag clauses, where PBMs prohibit pharmacies from giving information on the costs of drugs to consumers which could save consumers money; (2) allow choice of a pharmacy by the consumer instead of allowing PBM pharmacies to require consumers to use PBM affiliated pharmacies; (3) equalize reimbursement between independent and PBM affiliated pharmacies (one study prepared by the Georgia Pharmacy Association, demonstrated the vast discrimination and lower rates that PBMs pay independent pharmacies in that state); (4) put reasonable pharmacy audit rules in place; (5) require certain disclosures to purchasers that offer drug plans in the state; and (6) mandate an internal PBM review process for pharmacies to challenge unpaid claims by PBMs.
- **This Bill is legally supported by the decision of the U.S. Supreme Court in *Rutledge v. Pharmaceutical Care Management Association*, 141 S. Ct. 474 (2020).** *Rutledge* held, unanimously, that states have broad authority to regulate ERISA PBMs. As a result, states throughout the country are placing ERISA PBMs under state regulation.
- In the 2021 session, in Chapter 358, the General Assembly carved out or exempted ERISA PBMs from several sections of Title 15, subtitle 16 of the Insurance Code, because of erroneous claims by the PBMs that the *Rutledge* decision did not allow full application of the Insurance Code to ERISA PBMs. To clarify the issue, the General Assembly wisely required an MIA study.
- **The resulting MIA study completely rejected the position of the PBMs that ERISA preemption would prohibit or restrict application of Title 15, subtitle 16, to ERISA PBMs:**

“It is the view of the MIA that, should the legislature elect to make all of the current provisions of Title 15, Subtitle 16 [of the Insurance Code] applicable to PBMs when contracted with an ERISA plan, the enforcement of those laws by the MIA would not be preempted by ERISA. MIA report at page 17, emphasis added.
- This bill will eliminate the carve-outs given to PBMs in the 2021 session due to the misstatement of the law by the PBMs, and apply provisions of the Insurance Code equally to all PBMs. It will help the independent community pharmacies throughout MD be treated more fairly by PBMs, and help them survive from the predatory practices of the financially huge PBMs.
- This identical bill was passed by the House in the 2023 session of the General Assembly. It was not voted on in Senate Finance.

MD - NACDS Testimony to Senate Finance Cmte - SB 6

Uploaded by: Jill McCormack

Position: FAV



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



MARYLAND ASSOCIATION
OF CHAIN DRUG STORES

NACDS and MACDS Testimony to the Maryland General Assembly Senate Finance Committee

Wednesday, February 28, 2024

Support SB 626 – Broadening Maryland’s Laws that Protect Against Abusive PBM Practices

Chair Beidle and members of the Senate Finance Committee, thank you for the opportunity to testify in support of SB 626. Senators Ready, Hershey, Lam, and Mautz, thank you for sponsoring this bill that broadens Maryland’s existing laws for pharmacy benefit managers (PBMs) – the companies that manage prescription benefits on behalf of health plans – and further helping to curb unfair and questionable business practices that enrich PBMs at the expense of patients and their pharmacies.

In recent years, Maryland lawmakers have enacted important PBM reforms that help to protect both patients and pharmacy providers from abusive PBM business practices. These reforms include patient protections that prevent PBMs from requiring beneficiaries to use a pharmacy owned by the PBM (rather than a pharmacy of a beneficiary’s choice) to fill certain prescriptions; prohibiting PBMs from reimbursing certain nonaffiliated pharmacy providers in an amount that is less than what the PBM reimburses an affiliated pharmacy for the same product; and standards for audits conducted by PBMs against pharmacy providers that help to prevent PBMs from engaging in audit practices that penalize pharmacy providers for clerical or administrative issues on claims for covered medications that otherwise are payable.

By broadening the applicability of these existing PBM reforms, this bill can help to protect patients and pharmacy providers from the abusive PBM business practices that can jeopardize the sustainability of providing pharmacy services and ultimately patient access to care. With 90 percent of Americans living within 5 miles of a pharmacy, and 86 percent of adults in Maryland saying pharmacists are easy to accessⁱ, SB 626 will help to ensure Maryland’s families have sustained access to pharmacy care at their neighborhood pharmacies.

The public relies on neighborhood pharmacies for access to important healthcare services like health screenings, disease management, vaccinations, testing services, and patient counseling, as well as essential medication access. PBMs shape patients’ access to this type of care at their local pharmacies. Putting an end to PBM abuse is good for patients and will protect neighborhood pharmacies. **For all of these reasons, NACDS and its members urge Maryland lawmakers to advance SB 626.**

ⁱ <https://www.nacds.org/pdfs/Opinion-Research/NACDS-OpinionResearch-Maryland.pdf>

SB 626 FAV - NCPA Feb 2024.pdf

Uploaded by: Joel Kurzman

Position: FAV

February 26, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

Re: Support for SB 626

Dear Chair Beidle and Members of the Committee:

The National Community Pharmacists Association (NCPA) is writing to express its strong support of the effort to clarify definitions of carrier and purchaser as crafted in SB 626. NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and more than 330 independent community pharmacies in Maryland. These pharmacies employed more than 4,000 individuals and they filled nearly 21 million prescriptions in 2021.

With the definition clarifications found in SB 626, the State of Maryland is more closely aligning itself with recent court decisions clarifying a state's ability to regulate pharmacy benefit managers (PBMs) administering benefits for health plans that fall within the scope of federal law known as the Employee Retirement Income Security Act (ERISA). In *Rutledge v. PCMA*, the Supreme Court held the federal law, the Employee Retirement Income Security Act of 1974 does not prevent states from enacting laws regulating the abusive payment practices of pharmacy benefit managers, the controversial middlemen that manage prescription drug benefits for health insurers, employers and some government programs.¹ *Rutledge* clarified that States may regulate PBMs even when they serve ERISA plans, and ERISA preemption is concerned primarily with State laws only when they "requir[e] payment of specific benefits" or "bind plan administrators to specific rules for determining beneficiary status."² Typical State laws regulating PBMs do neither of these things—even if they are extended to apply to PBMs when they are serving ERISA plans.

If enacted, SB 626 will ensure both consistency with the highest law of our land and fair reimbursement to community pharmacies in the face of egregious PBM practices recognized by the State's 2021 enactment of HB 601. Further, as noted by the Maryland Insurance Administrator in its 2022 report required by HB 601:

It is the view of the MIA that, should the legislature elect to make all of the current provisions of Title 15, Subtitle 16 applicable to PBMs when contracted with an ERISA plan, the enforcement of those laws by the MIA would not be preempted by ERISA. Relying on *Rutledge*, we conclude that none of the Maryland PBM laws if applied to a PBM contracted to an ERISA plan would have an impermissible connection with or an impermissible reference to ERISA plans. The laws in question

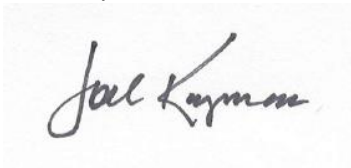
¹ [18-540 Rutledge v. Pharmaceutical Care Management Assn. \(12/10/2020\) \(supremecourt.gov\)](#)

² *Rutledge*, 141 S. Ct. at 480.

are concerned primarily with PBM-pharmacy relationships. They do not require an ERISA plan to pay specific benefits or bind plan administrators to specific rules for determining beneficiary status, adopt particular benefits, force ERISA plans to report detailed information, or otherwise control the benefit design and administration of an ERISA plan. And, they apply whether the PBM is contracted to an ERISA plan or a non-ERISA plan.³

We respectfully seek your support of SB 626. We wish to thank Senators Ready for his leadership on the bill. Thank you for your time and consideration of this important issue. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style and is centered within a light gray rectangular box.

Joel Kurzman
Director, State Government Affairs

³ <https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/Report-of-the-MIA-on-Rutledge-vs-Pharmaceutical-Care-Mgt-Assn-and-its-impact-on-Title-15-MSAR-13329.pdf>

SB 626 Written Test Pharmacy Benefits Managers - De

Uploaded by: Justin Ready

Position: FAV

JUSTIN READY
Legislative District 5
Carroll County

—
MINORITY WHIP
—
Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 28, 2024

Senator Justin Ready
**SB 626 Pharmacy Benefits Managers - Definition of Purchaser and Alteration
of Application of Law**

Chair Beidle, Vice Klausmeier and members of the Finance Committee:

Senate Bill 626 passed the House last year but didn't have time to make it through the Senate. It would repeal the definitions of "carrier" and "ERISA" and alters the definition of "purchaser" to include and insurer, nonprofit health service plan, or health maintenance organization (HMO) for purposes of State law governing Pharmacy Benefits Managers (PBMs). As a result, the bill applies provisions of law governing PBMs to all entities providing prescription drug coverage or benefits in the State, including programs subject to the Federal Retirement Income Security Act of 1974 (ERISA). This bill takes effect on January 25, 2024.

I respectfully request a favorable vote on Senate Bill 626.

Support for SB681 Transportation and Climate Align

Uploaded by: Kathleen Bartolomeo

Position: FAV

Support for SB681 Transportation and Climate Alignment Act ("TCA") February 27, 2024

Delegate Mark Edelson (HB 836) and Senator Clarence Lam (SB 681)

Maryland transportation plans should align with the state's goal to cut greenhouse gas emissions 60% by 2031 and the total miles cars and trucks travel on our roads. We must lower our vehicle miles traveled to protect our environment, protect our air, reduce chemicals flowing into our waters and on our lands, lessen traffic congestion and ability to travel when we need.

How can we improve our environment?

- Place more funding into public transportation, bicycling infrastructure, and easier ways for people to walk.
- Smart building with home construction placed near bus, biking, and walking access.
- Fewer accidents happen when traveling by public transit so saves in people's insurance costs, lessen load on EMTs, police and Fire Departments, hospital impacts, and save our families heartbreaks.
- Create jobs as found with this study:
https://bikeleague.org/sites/default/files/PERI_Natl_Study_June2011.pdf \$1 billions invested in public transportation can support and create 50,00 jobs.

Please support SB681

Sincerely, Kathy Bartolomeo, Greenbelt, Md.

SB626_MACDS_FAV.pdf

Uploaded by: Sarah Price

Position: FAV



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



MARYLAND ASSOCIATION
OF CHAIN DRUG STORES

NACDS and MACDS Testimony to the Maryland General Assembly Senate Finance Committee

Wednesday, February 28, 2024

Support SB 626 – Broadening Maryland’s Laws that Protect Against Abusive PBM Practices

Chair Beidle and members of the Senate Finance Committee, thank you for the opportunity to testify in support of SB 626. Senators Ready, Hershey, Lam, and Mautz, thank you for sponsoring this bill that broadens Maryland’s existing laws for pharmacy benefit managers (PBMs) – the companies that manage prescription benefits on behalf of health plans – and further helping to curb unfair and questionable business practices that enrich PBMs at the expense of patients and their pharmacies.

In recent years, Maryland lawmakers have enacted important PBM reforms that help to protect both patients and pharmacy providers from abusive PBM business practices. These reforms include patient protections that prevent PBMs from requiring beneficiaries to use a pharmacy owned by the PBM (rather than a pharmacy of a beneficiary’s choice) to fill certain prescriptions; prohibiting PBMs from reimbursing certain nonaffiliated pharmacy providers in an amount that is less than what the PBM reimburses an affiliated pharmacy for the same product; and standards for audits conducted by PBMs against pharmacy providers that help to prevent PBMs from engaging in audit practices that penalize pharmacy providers for clerical or administrative issues on claims for covered medications that otherwise are payable.

By broadening the applicability of these existing PBM reforms, this bill can help to protect patients and pharmacy providers from the abusive PBM business practices that can jeopardize the sustainability of providing pharmacy services and ultimately patient access to care. With 90 percent of Americans living within 5 miles of a pharmacy, and 86 percent of adults in Maryland saying pharmacists are easy to accessⁱ, SB 626 will help to ensure Maryland’s families have sustained access to pharmacy care at their neighborhood pharmacies.

The public relies on neighborhood pharmacies for access to important healthcare services like health screenings, disease management, vaccinations, testing services, and patient counseling, as well as essential medication access. PBMs shape patients’ access to this type of care at their local pharmacies. Putting an end to PBM abuse is good for patients and will protect neighborhood pharmacies. **For all of these reasons, NACDS and its members urge Maryland lawmakers to advance SB 626.**

ⁱ <https://www.nacds.org/pdfs/Opinion-Research/NACDS-OpinionResearch-Maryland.pdf>

SB 626.pdf

Uploaded by: Sherine Joseph

Position: FAV

Respected members of the committee,

My name is Sherine Joseph, testifying on behalf of the Independent Pharmacies of Maryland. I'm in support of SB 626. There are many aspects of this bill but I'm going to talk about the gag clause provision of this bill. Through this bill I'm asking for the right to speak the truth to my customers. To tell them the truth that we are unable to fill majority of their brand name medications not because we cannot carry it but because the PBM who manages their prescription benefit, the PBM who does not buy, stock, dispense or counsel about their prescriptions chooses to pay the pharmacy way below cost on these medications and we are yet to learn the magic of doing business in the negatives. They then steer these prescriptions to their affiliate chain pharmacies, where my

customers have to wait days and weeks and sometimes end up discontinuing the medication which makes them end up in the ER. With the recent death of a fellow pharmacist at such a chain and the recent fines being imposed on these chains for being understaffed, the picture is clear that all the PBM's care about is their bottom line and the satisfaction of their stock holders and not the well being of your constituents. The health of your constituents is literally in your hands and I pray that you will uphold that above the PBM greed and vote in favor of this bill. Thank you for your time and consideration.

NAIFAsb626.pdf

Uploaded by: Brett Lininger

Position: UNF



Senate Finance Committee

Position: Unfavorable

Senate Bill 626

Pharmacy Benefits Managers

Definition of Purchaser and Alteration of Application of Law

February 29, 2024

Dear Chair Beidle and Members of the Senate Finance Committee:

The National Association of Insurance and Financial Advisors – Maryland Chapter (“NAIFA-MD”) appreciates the opportunity to submit written testimony on Senate Bill 626. NAIFA-MD is made up of insurance agents and advisors, financial advisors and financial planners, investment advisors, broker/dealers, multiline agents, health insurance and employee benefits specialists, and more. We are the closest to the consumer and provide products, services, and guidance that increase financial literacy in our society, protect their clients against life’s inherent risks, help hard-working Americans prepare for retirement, and create financial security and prosperity so their clients can leave a legacy for future generations.

NAIFA-MD strongly opposes Senate Bill 626 because of its detrimental effect on our members’ ability to provide affordable and accessible healthcare to their employer clients.

Local government institutions, private employers, and unions alike will face unprecedented and sweeping policy changes through the passage of SB 626. If enacted, the policy changes from this bill will hamper our members’ ability to provide flexible benefit packages to their employer clients by gutting key federal provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

ERISA-based plans are popular with local government institutions, unions, and private employers whose employees are critical to creating and maintaining a Maryland where all individuals and families have an opportunity to thrive. ERISA provides federal protections like uniform regulations and benefits for Maryland's essential civil servants and a whole host of other employees in the private sector, whether they belong to a union or not. This uniform set of standards has allowed employers to provide affordable and accessible healthcare and prescription drugs to their employees.

SB 626 guts protections provided under ERISA and will ultimately increase co-pays, co-insurance, and prescription drug prices for employees who are employed by our members' employer clients. Additionally, the policy changes introduced by this bill could significantly increase healthcare costs over time.

The bottom line is if SB 626 passes, Maryland lawmakers will be responsible for increasing healthcare costs for our public, union, and private sector workers and their families. The cost of providing employer-sponsored healthcare is at an all-time high. This bill is wrong for our hardworking employees no matter who they work for.

NAIFA-MD urges an unfavorable report on SB 626.

SB0626-FIN_MACo_OPP.pdf

Uploaded by: Brianna January

Position: UNF



Senate Bill 626

Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law

MACo Position: **OPPOSE**

To: Finance Committee

Date: February 28, 2024

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** SB 626. This bill seeks to limit the tools Pharmacy Benefits Managers (PBMs) can use to negotiate pharmaceutical prices on behalf of their clients, including county governments. Doing so would greatly disrupt counties' ability to provide county staff with the best and most fiscally responsible benefits for their public service.

The bill would do so in several ways, including by restricting the abilities to design all aspects of benefits plans, to have full management over contracting with vendors to provide benefits, and to create the checks and balances employers deem necessary to protect staff and their financial contributions to the plan. In practice, SB 626 would substantially limit, if not negate, PBMs' ability to leverage certain cost-saving tools critical to negotiating the best and fairest prescription drug prices for counties and our staff, like requiring 90-day supplies of certain drugs or requiring mail orders to fill certain prescriptions.

Counties employ and fund thousands of workers across the state as county staff, first responders, correctional employees, and school staff. Providing benefits for large numbers of employees is something counties take very seriously. This is accomplished through well-established negotiations, consultants, benefit managers, Requests for Proposals, and more. The State has not been a part of this work and should not be; however, under SB 626, the State would do just that, with detrimental financial impacts to counties and the thousands they employ.

Ultimately, SB 626 would not only restrain counties' ability to provide comprehensive health benefits but also increase co-pays and overall plan costs for county staff – who are Marylanders serving their communities. It is no secret that local governments cannot compete with the salaries offered by the private sector. However, counties can and do offer excellent benefits to staff at low or no cost. By disrupting the abilities of PBMs to negotiate fair prices on behalf of employers, SB 626 would greatly undermine counties' ability to continue to do so. For these reasons, MACo **OPPOSES** SB 626 and urges an **UNFAVORABLE** report.

SB 626_NABIP MD_UNF.pdf

Uploaded by: Bryson Popham

Position: UNF



February 27, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 626 - Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law - UNFAVORABLE

Dear Chair Beidle and Members of the Committee,

On behalf of the National Association of Benefits Insurance Professionals of Maryland (NABIP MD), I wish to express our opposition to Senate Bill 626.

NABIP MD (formerly Maryland Association of Health Underwriters - MAHU) is a trade association comprised of several hundred licensed health insurance producers in Maryland who represent both businesses and individuals in analyzing their need for health insurance and advising clients on health insurance coverage and benefits. NABIP MD members have traditionally served as the representatives for small and medium-sized businesses in the negotiation of health benefit plans for the employees of those businesses.

As we have testified in the past, an important part of the services provided by NABIP MD members is assisting employer clients in evaluating the cost of benefits and coverages. One area where both the cost and benefit design offer employers a number of options is in the area of pharmacy benefits. NABIP MD members typically use the services of pharmacy benefits managers (PBMs) to provide these services, and PBMs compete vigorously for this business.

Traditionally, PBMs have not been subject to State law requirements because they have operated under the federal law known as ERISA. Senate Bill 626 would remove this exemption, and subject pharmacy benefit plans to more restrictive State law requirements. This will have the effect of removing options currently available to these employers, and for that reason NABIP MD opposes the provisions of Senate Bill 626.

NABIP MD does not see a consumer benefit that would be achieved by the passage of this legislation. We are aware of no serious complaints by either employers or persons covered under employer-based health plans who use PBM services. For these reasons, we respectfully request an unfavorable report on Senate Bill 626.

Very truly yours,

A handwritten signature in black ink that reads "Jon S. Frank".

Jon Frank
Legislative Committee Chair, NABIP MD

cc: Nancy Colaianne, President, NABIP MD
Bryson F. Popham

Act Now Testimony .pdf

Uploaded by: Gregory Dennis

Position: UNF

**ACCOUNTABILITY
CREDIBILITY
TRANSPARENCY
NOW BALTIMORE**

LEGISLATIVE POSITION: UNFAVORABLE

OPPOSE Senate Bill 626 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

Written Testimony of Act Now Baltimore
Prepared for the Senate Finance Committee

February 26th, 2024

Dear Chairwoman Beidle and Members of the Committee:

We are writing to express our strong opposition to Senate Bill 626 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law. [As a coalition of faith organizations in Baltimore City](#) we view this bill as a direct threat to Maryland employers' ability to provide affordable and accessible healthcare to their employees and families, many of whom are our congregants.

It's important to understand that SB 626 guts key provisions of the Employee Retirement Income Security Act of 1974 (ERISA) that Maryland employers and their employees rely on to provide affordable and accessible healthcare. For more than 50 years, self-insured employer-sponsored healthcare (a popular healthcare structure for Maryland employers, local governments, schools, and unions) has been governed by ERISA. This federal law provides uniform regulations and protections for employees and employers sponsoring their healthcare. This uniform set of standards allows Maryland businesses, local governments, unions, and schools to provide affordable and accessible healthcare and prescription drugs to their employees. By bearing the insurance risk of the plan, ERISA also grants them the broad authority to structure the plan in a way that balances the specific needs and subsequent costs of their plan's population. Without the ability to balance as we need, we no longer have a reason to take the risk of insuring the plan ourselves.

A total of 56 percent of Marylanders are covered by employer-sponsored healthcare plans, with many of them being self-funded. SB 626 hurts Marylanders and their employers who are committed to providing accessible and affordable healthcare plans. In reality, this legislation only benefits certain special interest retail pharmacy entities looking to boost their profits at the expense of the rest of the Maryland families and employers in both the public and private sectors.

The policy changes introduced by this bill could result in increased costs, affecting co-pays, and co-insurance rates, and exacerbating already high prescription drug prices. If passed, this bill increases healthcare costs that could run into the billions of dollars over the next decade. We need to protect the majority of Marylanders who rely on employer-sponsored healthcare.

This legislation not only targets employees and employers in the private sector but will also hurt our public servants in local government institutions and unionized workers. If SB 626 passes, healthcare costs will significantly increase for unionized construction workers, educators, police officers, and many other civil servants.

The bottom line is that if SB 626 passes, Maryland lawmakers will be responsible for increasing healthcare costs for Maryland employers, employees, and our state's public servants, and undermines the basis of employer-sponsored healthcare.

We admire your previous record of advancing healthcare policies that benefit Maryland workers and their families. Therefore, we respectfully ask you to **vote no** on SB 626 so we can safeguard Maryland's employees seeking healthcare benefits and support those employers striving to offer them.

Respectively,

Gregory Dennis
Chairman, Act Now Baltimore
<https://www.actnowbaltimore.com/>

SB 626_MDCC_Pharmacy Benefits Managers - Definitio

Uploaded by: Hannah Allen

Position: UNF



LEGISLATIVE POSITION:

Unfavorable

Senate Bill 626 – Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law

Senate Finance Committee

Wednesday, February 28, 2024

Dear Chairwoman Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

Senate Bill 626 amends current state law governing pharmacy benefit managers by repealing the previous definitions of “carrier” and “ERISA” and altering the definition of “purchaser.” As a result, the bill seeks to broadly expand the state regulations governing pharmacy benefit managers to additional entities providing prescription drug coverage or benefits in the state, including programs subject to the federal Employee Retirement Income Security Act of 1974 (ERISA).

This legislation will have major impacts on both employers and employees throughout the state. With the majority of private sector employees participating in healthcare plans that are covered under ERISA protections, the Chamber urges the committee to avoid any legislative action that could increase healthcare costs for Marylanders and negatively impact the ability of health plan providers to design affordable products for the Maryland healthcare market. While we understand that the *Rutledge* Supreme Court decision has opened the door to new and additional state regulation, the Chamber is very concerned that further state regulation of ERISA protected health plans will result in worse outcomes for both employers and employees.

For more than 50 years, self-insured employer-sponsored healthcare, which is a popular healthcare structure for employers, local governments, schools, and unions, has been governed by ERISA. This federal preemption provides uniform regulations and protections for both employees and employers sponsoring their healthcare. These uniform standards allow Maryland businesses to provide affordable and accessible healthcare and prescription drugs to employees.

SB 626 would strip away the very ERISA protections and benefits that have allowed employers to provide healthcare and prescription drug benefits at affordable prices for thousands of hard-working Marylanders. **By removing these policies, protections, and benefits that allow employers to keep benefit premiums as low as possible, Maryland employers and employees stand to incur significant increases in co-pays, co-insurance rates, and prescription drug prices.** The increased costs will flow downhill to employees who want and need these benefits and the employers who strive to offer them.

In 2019, Maryland became the first state to establish a Prescription Drug Affordability Board (PDAB). The law requires the board to review both state and commercial health plans' use of prescription drugs and make recommendations to state officials on ways to make them more affordable for residents. By December 1, 2023, the board was required to submit a report to the General Assembly that recommends whether legislation should be passed to expand the authority of the board to set upper payment limits to all purchases and payor reimbursements of prescription drug products in the state. PDAB issued a **draft** working document in December 2023, and accepted comments until January 10, 2024. SB 626 should not be implemented until a **final** report has been submitted and reviewed.

Healthcare coverage must remain accessible and affordable so that employers can continue to offer these benefits that employees both want and cherish. Given the far-reaching and negative impacts of this legislation, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **SB 626**.

MDCHAMBER.ORG

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642



AHIP Comments_MD SB 626 ERISA Preemption_2.27.24.p

Uploaded by: Keith Lake

Position: UNF



601 Pennsylvania Avenue, NW T 202.778.3200
South Building, Suite 500 F 202.331.7487
Washington, D.C. 20004 ahip.org

February 27, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

Re: AHIP Opposes Senate Bill 626 in relation to ERISA

Dear Chair Beidle:

I write today on behalf of AHIP to respectfully oppose SB 626, legislation regulating pharmacy benefits managers (PBM). Our concern focuses on the bill's extension to ERISA policies. This legislation will jeopardize the single, cost-saving standard your state's self-insured employers rely upon to provide uniform and affordable health insurance coverage to Marylanders.

Health insurance should be simple, effective, and affordable. Patients and employers should not have to navigate complex regulations to get the care they need at a cost they can afford. AHIP supports a single, cost-saving national standard of regulation for self-funded employer-provided coverage, ensuring more affordable coverage for all, that is easier to understand. A 50-state patchwork of complicated and inconsistent mandates for employer-provided coverage will cause more confusion and make coverage more expensive for Maryland's employers and employees.

SB 626 will increase health care costs by subjecting Maryland's self-insured employers to new state requirements. Self-funded employer-provided health plans are currently regulated by the Employee Retirement Income Security Act (ERISA), which sets standards and creates uniformity for employers managing benefits across multiple state lines under its preemption provision. SB 626 changes the term "purchaser", which under current law acts to exclude self-funded ERISA plans from being subjected to state laws. This definitional change will subject Maryland self-insured employers to new state pharmacy coverage requirements.

ERISA's preemption provision was recently upheld in the Supreme Court case *Rutledge v. PCMA* and in the Tenth Circuit case *PCMA v. Mulready*. These cases affirmed the long-standing precedent that state laws are preempted by ERISA when they impact a core function of health plan administration or directly relate to the health plan. The *Rutledge* Court clarified a very narrow set of activities that states could regulate; it did not create a new category of permissive state regulation, which SB 626 attempts to accomplish.

- We have attached an analysis from ERISA experts at The Groom Law Group that outlines which SB 626 (as introduced) provisions exceed the scope of the *Rutledge v. PCMA* and *PCMA v. Mulready* decisions and thus should be preempted.

February 27, 2024
Page 2

Thank you for your consideration of AHIP's concern and opposition to SB 626. We stand ready to partner together in making health care more affordable and accessible for the citizens of Maryland.

Sincerely,

A handwritten signature in black ink that reads "Keith Lake". The signature is written in a cursive, slightly slanted style.

Keith Lake
Regional Director, State Affairs
klake@ahip.org / 220-212-8008

AHIP is the national association whose members provide insurance coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.

GROOM LAW GROUP

ERISA Preemption of MD HB 726/SB 626

ERISA expressly preempts any state law that “relates to” an ERISA-covered employee benefit plan. ERISA § 514(a). As recognized by the Supreme Court of the United States, a central purpose of ERISA’s broad preemption provision is to allow for the uniform administration of ERISA plans. *See, e.g., Egelhoff v. Egelhoff*, 432 U.S. 141, 148 (2001) (holding that ERISA preempted a state statute governing beneficiaries under an ERISA plan). In *Egelhoff*, the Supreme Court reiterates the longstanding rule that a state law “relates to” an ERISA plan if it has a connection with or reference to such a plan. *Egelhoff v. Egelhoff*, 532 U.S. 141, 147 (2001) (internal quotations and citations omitted).

The Supreme Court clarified two main categories of state law that ERISA would preempt: (1) “where a state’s law acts immediately and exclusively upon ERISA plans or where the existence of ERISA plans is essential to the law’s operation” and (2) where there is “an impermissible connection with ERISA plans [which] govern a central matter of plan administration.” *Gobeille v. Liberty Mut. Ins. Co.*, 577 U.S. 312, 319-320 (2016) (internal quotations and citations omitted). A state law may also be preempted if its economic effects force an ERISA plan to adopt certain coverage or restrict its choice of insurers. *See id.* at 320.

In *Rutledge*, the most recent Supreme Court case analyzing ERISA preemption, the Court affirmed both *Egelhoff* and *Gobeille* when reviewing a state law that regulates the reimbursement amounts PBMs pay pharmacies for drugs covered by prescription drug plans. *Rutledge v. Pharm. Care Mgt. Assn.*, 592 U.S. 80, 86 (2020). In a narrowly tailored decision, the Court held that the state law was not preempted by ERISA because it merely regulated costs rather than dictate ERISA-plan choices. *See id.* at 81. Instead, the Court focused squarely on the facts of the Arkansas cost-regulation while applying earlier Court precedent addressing the extent to which state-level cost regulation is preempted. Importantly, the Court was clear that prior precedent outside the context of indirect cost regulation remained intact and found that the state law did not govern a “central matter of plan administration” by increasing costs for ERISA plans without forcing plans to adopt certain rules for coverage. *Id.* at 80; *Gobeille* at 320.

More recently, the Tenth Circuit properly read *Rutledge* as being limited to indirect cost regulation. In *Mulready* the court examined an Oklahoma state law that imposed regulations on PBMs and pharmacy networks in an effort to establish minimum and uniform guidelines regarding a patient’s right to choose a pharmacy provider. *PMCA v. Mulready*, 78 F.4th 1183, 1190 (10th Cir. 2023). The state law included four key provisions that subjected PBMs to certain rules including pharmacy access network standards and restrictions on the incentives given to individuals who fill prescriptions at in-network pharmacies. *See id.* at 1190-1191. The court held that all four provisions were preempted by ERISA because they had an impermissible connection with ERISA plans by mandating certain benefit structures related to a key benefit design (*i.e.* the scope and differentiation of the plan’s pharmacy network benefit). *Id.* at 1199-1200. The court found that the Oklahoma law was an attempt by the State to “govern[] a central

matter of plan administration” and “interfere[] with nationally uniform plan administration.” *Id.* at 1200.¹

With respect to Maryland HB 726/SB 626, the legislation seeks to impose certain of the state’s insurance laws governing PBMs on pharmacy benefit management services provided to ERISA-covered, self-insured group health plans. HB 726 and SB 626 accomplish this by eliminating current law limitations on the applicability of state PBM requirements to “carriers”. Despite the contentions of the legislators, if this statutory change is adopted a number of these provisions should be preempted by ERISA based on existing Supreme Court jurisprudence, including *Rutledge*. In the following chart, we identify the specific bill provision, provide a description of the provision, and include the basis for federal law preemption.

<i>Provision</i>	<i>Description</i>	<i>Reason for Federal Law Preemption</i>
Md. Code Ann., Ins. § 15-1611.1	Prohibits PBMs from requiring the use of pharmacies affiliated with the PBM.	This provision limits the ability of ERISA-covered plans to determine the scope of their pharmacy networks, which is inherent in the plan’s benefit design. Thus, the provision should be preempted because it requires a specific benefit design choice by the plan sponsor consistent with the holding in <i>Mulready</i> .
Md. Code Ann., Ins. § 15-1612(b)	Prohibits a PBM from reimbursing a non-affiliated pharmacy less than the PBM reimburses affiliated pharmacies.	This provision limits the ability of ERISA-covered plans to contract for high-value pharmacy networks, which is inherent in the plan’s benefit design. Thus, the provision should be preempted because it requires a specific benefit design choice by the plan sponsor consistent with the holding in <i>Mulready</i> .
Md. Code Ann., Ins. § 15-1613	Imposes requirements on P&T Committees operated by PBMs with respect to all business.	This provision imposes restrictions on the composition of P&T Committees with respect to, among other things, ERISA-covered, self-insured group health plans. P&T Committees

¹ Notably, the Tenth Circuit also squarely rejected the State’s argument that the state law in question was not preempted by ERISA because the law regulates PBMs rather than the actual health plan. *Id.* at 1194. Many courts have recognized that state laws regulating PBMs function as the regulation of an ERISA plan because most plans cannot operate without a PBM. *Id.* at 1195

		determine formulary design which is a core component of plan design and thus should be preempted under the same analysis adopted by the court in <i>Mulready</i> .
Md. Code Ann., Ins. § 15-1629	Proscribes the manner in which PBMs may audit pharmacies and recover overpayments.	This provision could impose acute <i>and</i> direct economic burden on plans because it limits recovery of plan assets. Moreover, it could directly conflict with ERISA's fiduciary duty to act solely in the interest of the plan. As a result, the provision should be preempted.

SB626 Oppose.pdf

Uploaded by: Rico Albacarys

Position: UNF

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS - LOCAL UNION No. 24

AFFILIATED WITH:
Baltimore-D.C. Metro Building Trades Council - AFL-CIO
Baltimore Port Council
Baltimore Metro Council - AFL-CIO
Central MD Labor Council - AFL-CIO
Del-Mar-Va Labor Council - AFL-CIO
Maryland State - D.C. - AFL-CIO
National Safety Council



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Written Testimony of
Rico Albacarys, Assistant Business Agent, IBEW LOCAL 24
Before the Senate Finance Committee On
SB 626 Pharmacy Benefits Managers – Definition of Purchaser and Alteration of
Application of Law

Opposed

February 27, 2024

Madam Chair Beidle and Committee Members,

My name is Rico Albacarys and I am a member and employee of IBEW Local 24, writing to express our **opposition** to **Senate Bill 626**, which threatens to jeopardize the integrity of our Employee Retirement Income Security Act (ERISA) health funds.

The proposed legislation seeks to subject ERISA health funds, jointly supervised by labor and management representatives, to new requirements and restrictions under the guise of altering regulations governing pharmacy benefits managers (PBMs).

Our ERISA health funds operate uniquely, established through collective bargaining agreements to provide healthcare benefits to covered individuals. Senate Bill 626 disregards this distinction and fails to recognize the collaborative efforts of labor and management in managing healthcare benefits for our members.

We urge you to consider the implications of Senate Bill 626 on ERISA health funds and recognize the importance of preserving the joint oversight and cooperation between labor and management. For these reasons we are asking you give **SB 626** an **unfavorable** report.

Sincerely,

Rico Albacarys
Assistant Business Agent IBEW Local 24

Cybersecurity Assn - Senate Finance.pdf

Uploaded by: Tasha Cornish

Position: UNF

LEGISLATIVE POSITION: UNFAVORABLE

OPPOSE Senate Bill 626 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

Written Testimony of Cybersecurity Association of Maryland, Inc.
Prepared for the Senate Finance Committee

February 20, 2024

Dear Chairwoman Beidle and Members of the Committee:

The Cybersecurity Association of Maryland, Inc. strongly opposes Senate Bill 626 because of its detrimental effect on our member's ability to provide affordable and accessible healthcare to their employees.

Local government institutions will face unprecedented and sweeping policy changes through the introduction of SB 626. If enacted, the policy changes from this bill will hamper our members' ability to provide healthcare to their employees by gutting key federal provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

ERISA-based plans are popular with local government institutions and unions whose employees are critical to creating and maintaining a Maryland where all individuals and families have an opportunity to thrive. ERISA provides federal protections like uniform regulations and benefits for Maryland's essential police officers, school teachers, firefighters, first responders, public administrators, and a whole host of other civil servants across the state. This uniform set of standards has allowed employers to provide affordable and accessible healthcare and prescription drugs to their employees.

SB 626 guts protections provided under ERISA and will ultimately increase co-pays, co-insurance, and prescription drug prices for employees who are employed by our members. Additionally, the policy changes introduced by this bill could increase healthcare costs that could run into the billions of dollars over the next decade.

The bottom line is if SB 626 passes, Maryland lawmakers will be responsible for increasing healthcare costs for our public workers and their families. The cost of providing employer-sponsored healthcare is at an all-time high coupled with facing state budget cuts. This bill is wrong for our public institutions and the public servants who work hard every day to make our state a better place.

Therefore, the Cybersecurity Association of Maryland, Inc. urges an unfavorable report on SB 626.

Liuna SB626 UNF 2024.pdf

Uploaded by: William Kress

Position: UNF

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.

SB626_LOI FINAL.pdf

Uploaded by: Matt Power

Position: INFO



140 South Street,
Annapolis, MD 21401
410-269-0306
www.micua.org



Letter of Information

Senate Finance Committee

Senate Bill 626 (Ready) Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law



Matt Power, President

mpower@micua.org

February 28, 2024



On behalf of the member institutions of the Maryland Independent College and University Association (MICUA) and the nearly 55,000 students we serve, I thank you for the opportunity to provide this letter of information for [Senate Bill 626 \(Ready\) Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law](#).



SB 626 would change Maryland’s self-funded plans which have existed in the State for over 50 years. The Employee Retirement Income Security Act (ERISA) of 1974 has governed the State since its passage and federal preemption has kept legislatures from overriding the laws that govern self-funded plans. Several MICUA institutions offer self-funded plans, and this change in practice would impact their operations and capability to offer reasonably priced employee benefits packages.



Passage of this bill would come at time when MICUA schools are experiencing overburdened budgets while working to offer affordable plans to their employees. Institutions of higher education aim to attract highly qualified individuals to their campuses to educate students who will enter the workforce. Employee benefits are used as a recruiting tool to attract skilled academic and administrative personnel, and this legislation could interfere with these efforts.



Thank you for the opportunity to provide this information related to Senate Bill 626 on behalf of our member institutions. If you have any questions or would like additional information contact Irnande Altema, Associate Vice President for Government and Business Affairs, ialtema@micua.org.

