



Maryland House Health & Government Operations Committee
6 Bladen St.
Annapolis, MD 21401

Re: Support for HB 1270

Feb. 27, 2024

Chair Pena-Melnyk, Vice Chair Cullison, members of the committee,

On behalf of the Chronic Disease Coalition, thank you for the opportunity to provide support for HB 1270. By passing this legislation, Maryland can make a big impact in the lives of chronic disease patients that regularly have trouble affording lifesaving medications.

The Chronic Disease Coalition is a national nonprofit organization dedicated to raising the patient voice and perspective in healthcare policymaking. The coalition was founded in 2015 to advocate for people living with long-term or lifelong health conditions. Our patient advisors and partners represent common diseases (e.g., diabetes, kidney disease, arthritis), rare diseases (e.g., Guillain-Barré syndrome, hypoparathyroidism), and many other conditions whose scale and scope are still not understood.

Pharmacy benefit managers (PBMs) were initially established to process prescription drug claims. However, due to massive growth in their scale and market consolidation, PBMs now touch every part of the drug supply chain and we know that Marylanders are not benefitting from the system as it was initially designed.

We need better oversight of PBMs to understand more about how costs are negotiated, and to ensure that rebates are passed to patients. This bill helps achieve both those goals.

It would require 85% of PBM rebates to be passed through to patients, which would benefit thousands across the state. Studies have shown that pharmaceutical rebates for branded drugs average 48%¹, so when that rebate is not passed onto the patient, they are essentially paying twice what their insurance company pays for the treatment.

This is not fair, nor is it cost-effective for Maryland in the long-term, because unaffordability leads to worse health outcomes as patients skip treatments or ration their medications. Additionally, the data show that when these rebates are passed on to the patient, premium impacts are minimal. One study estimates that the increase in premiums would be less than 1% overall².

The Chronic Disease Coalition stands with patients and advocates across the state in support of this reform effort and urge you to support HB 1270.

Sincerely,

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1. National Bureau of Economic Research working paper 28439 <https://www.nber.org/papers/w28439>
2. Measuring the Impact of Point of Sale Rebates on the Commercial Health Insurance Market, Milliman Report, Klein and Petroske, January 2022 <https://us.milliman.com/en/insight/measuring-impact-point-of-sale-rebates-commercial-health-insurance-market-january-2022>