



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

March 26, 2025

Committee: House Economic Matters Committee

Bill: SB 306 - Workers' Compensation - Prescription Drug and Pharmaceutical Services - Reimbursements

Position: Favorable

Reason for Position:

The Maryland Municipal League (MML) supports Senate Bill 306. The bill requires the Workers Compensation Commission (WCC) to regulate fees based on a certain index or indices, with some discretion, and establishes a study to research prescription drug affordability challenges related to workers compensation claims.

Today, the WCC has no fee guide for pharmaceutical services which has led to municipal governments and insurers being overcharged through artificially inflated acquisition costs. Currently, about 125 municipal governments use Chesapeake Employers Insurance Company for workers compensation coverage. According to numbers from Chesapeake, SB 306 would save local governments millions of dollars by using existing indices as pricing guides, while still allowing the WCC some flexibility on altering the reimbursement rates. The legislation is carefully crafted so that reimbursement rates would likely not be so low that certain drugs would cease to be offered in the marketplace.

Additionally, it is important to note that municipal governments tend to offer excellent benefits, including health care, to the more than 23,000 municipal employees. In the rare instance when an employee's claim is denied, they still have the recourse to use their employer-sponsored health care coverage to acquire the same prescription at a subsidized rate.

For these reasons, the Maryland Municipal League respectfully requests a favorable report on Senate Bill 306. For more information, please contact Bill Jorch, Director, Public Policy and Research at billj@mdmunicipal.org. Thank you in advance for your consideration.