

**SB306 Workers' Compensation - Prescription Drug and Pharmaceutical Services -  
Reimbursements  
Economic Matters Committee  
March 26, 2025**

**Position:** Favorable with Amendments

**Background:** SB306 would require the Workers' Compensation Commission (WCC) to regulate all fees and other charges for the reimbursement of prescription drugs and pharmaceutical services provided through the workers' compensation system.

**Comments:** The Maryland Association of Chain Drug Stores (MACDS) would respectfully express concerns that **SB306 Workers' Compensation – Prescription Drug and Pharmaceutical Services – Reimbursements** as introduced could have a negative impact on pharmacy operations and medication access in Maryland due to inappropriately low dispensing fees. We recommend that the Committee amend the bill to require the WCC to establish reasonable dispensing fees and consider pricing benchmarks such as average wholesale price, national average drug acquisition cost, and wholesale acquisition cost when determining the appropriate fee schedule for reimbursement for prescription drugs and pharmaceutical services provided for workers' compensation patients. We would also request that, should a list of stakeholders be identified for collaboration with the WCC, a representative from MACDS be included.

MACDS has consistently supported legislation to increase pharmacy reimbursement rates in Maryland and address the growing issue of pharmacy closures as the state has experienced a net 2% decrease in pharmacy locations per year over the last two fiscal years, including the closure of 37 chain locations between 2023 and 2024. These closures are due in large part to the inadequate dispensing fees negotiated by pharmacy benefits managers (PBMs); for example, the Maryland Department of Budget and Management is currently issuing dispensing fees of \$0.35 and \$0.50 per prescription for the State Employee and Retiree Health and Welfare Benefits Program. The State Medicaid Managed Care Organizations (MCOs) paid an average dispensing fee of \$0.67 per prescription to pharmacists in 2021 and \$0.59 per prescription in 2022. A study conducted by the Maryland Department of Health as mandated by [HB382](#) in 2023 found that if Medicaid had been required to issue a dispensing fee for MCO medications based on the National Average Drug Acquisition Cost (NADAC) in 2021 and 2022, without undertaking any reform of PBM activities that artificially inflate the price of drugs and increase operational costs for pharmacies, it would have cost the State over \$78 million – which, read another way, is the dollar amount which the State underpaid pharmacists for dispensing prescriptions to Medicaid MCO patients.

Since the Department's study was issued, MACDS has continued to advocate for legislation which would establish adequate dispensing fees for pharmacies treating

Medicaid patients in Maryland and has, at the same time, promoted PBM reform to offset the associated cost of paying reasonable fees to pharmacists. Other states across the country have implemented policies such as carving out pharmacy benefits from MCOs and mandating pass-through pricing for MCOs, and have saved tens-to-hundreds of millions of dollars while also paying appropriate dispensing fees to pharmacists. MACDS is, to that end, supporting [HB813](#) in 2025 which, as amended, would establish a work group to review different strategies for implementing PBM reform and increasing pharmacist dispensing fees. Our efforts in this area have informed our position of concern regarding SB306 and the impact that the language as introduced could have on pharmacies that serve workers' compensation patients.

The State legislature considers bills every year to increase the State minimum wage and expand leave options and other benefits for employees, but this body has not yet passed legislation to implement reform around PBM activity. While operating costs for labor increase, the pharmacy community continues to be left behind, consistently dispensing medications at a loss due to insurance and reimbursement policies outside of our control. SB306 as introduced would allow unsustainably low rates to be established for reimbursement for medication for workers' compensation patients, further exacerbating operational issues for pharmacies in Maryland.

We again respectfully request the Committee to amend the bill to require reasonable dispensing fees and the consideration of a variety of pricing benchmarks when fee schedules are set. Thank you for your attention to this matter.