

**Testimony of Injured Workers Pharmacy (IWP)**  
**SB 306 – Pharmaceutical Reimbursement in Workers’ Compensation**  
**Economic Matter Committee | March 26, 2025**

Chairman Wilson, Vice Chair Crosby, and members of the Committee:

My name is Jayne Kresac, and I’m here on behalf of Injured Workers Pharmacy (IWP), a specialized pharmacy serving injured workers across Maryland. We ensure that patients receive necessary medications quickly, while navigating the often-complex workers’ compensation system.

We support SB 306’s goal to establish a pharmacy fee schedule, which may reduce administrative burdens, control costs, and provide reimbursement consistency. However, **we urge the Committee to amend the bill to give the Maryland Workers’ Compensation Commission the authority to study and choose the best reimbursement model for Maryland.**

As currently drafted, **SB 306 limits the Commission to only one model—Acquisition Cost.** That approach is deeply flawed. It fails to account for the full cost of dispensing medication, including pharmacist expertise, claims processing, and administrative overhead. **No state in the country—nor the federal government—uses Acquisition Cost as the sole basis for a workers’ compensation pharmacy fee schedule.** Of the 37 states with a fee schedule, 35 use **Average Wholesale Price (AWP)** or a model that blends acquisition with operational costs.

Other states tried to move to Acquisition Cost-based models and reversed course when confronted with potential **pharmacy closures, reduced access, and delays in care for injured workers.** Maryland shouldn’t be an outlier.

We propose a simple amendment: Allow the Workers’ Compensation Commission, through its existing Medical Fee Guide Committee, to:

1. Compare pharmacy fee schedules used in other states;
2. Evaluate the impact of each model on patient access, pharmacy sustainability, and system costs;
3. Recommend the reimbursement model that works best for Maryland’s injured workers, providers, and payers.

This is how Maryland has long approached other reimbursement rates in workers' compensation—by trusting the Commission's expertise.

If the state limits reimbursement to Acquisition Cost alone, **many pharmacies, especially small and independent ones, may stop serving workers' compensation patients altogether.** That would hurt injured workers and potentially increase long-term costs for the system.

Let's not lock Maryland into a model that was rejected elsewhere. Instead, let the Commission do its job—evaluate the data, and adopt a fee schedule that balances access, sustainability, and fiscal responsibility.

Thank you and I'm happy to answer any questions.