



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

March 26, 2025

TO: The Honorable C. T. Wilson
Chair, Economic Matters Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 306, *Workers' Compensation – Prescription Drug and
Pharmaceutical Services – Reimbursements*

Support

I am writing to express my strong support for Senate Bill 306, *Workers' Compensation – Prescription Drug and Pharmaceutical Services – Reimbursements*, which addresses a missing link in the State's comprehensive workers' compensation system by requiring that the Workers' Compensation Commission (Commission) develop a fee schedule for prescription drugs and pharmaceutical services. While medical services in workers' compensation claims are already subject to a regulated fee schedule, there is no standardized fee schedule for prescription medications, which has led to cost disparities and inefficiencies throughout the State.

Currently, many prescriptions are reimbursed based on the Average Wholesale Price (AWP) plus additional charges, which inflates costs well beyond the actual acquisition price. The disparity between acquisition prices and AWP prices places unnecessary financial burdens on employers, who fund workers' compensation claims, and can lead to costly litigation to dispute excessive charges, further delaying claims resolution.

To address these concerns, the bill requires the Commission to develop a pricing index based on acquisition costs, which may include reasonable dispensing fees and any other percentage increase or decrease as determined by the Commission. This type of framework would help to ensure fair and transparent pricing while promoting financial sustainability within the workers' compensation system. By reducing excessive costs and aligning pricing with industry standards, counties would realize substantial savings that could be redirected to other public services.

The Honorable C. T. Wilson
Re: Senate Bill 306
March 26, 2025

Importantly, the bill does not prohibit an employer from contracting with a pharmacy benefits manager or network of pharmacies for different reimbursements rates. This component of the bill is important for retaining flexibility for employers who are able to negotiate better pricing than what the Commission's approved index specifies.

To support the efforts of the Commission, which is required to develop the pricing index by September 1, 2026, the bill requires the Maryland Prescription Affordability Board to study a variety of related issues and report its findings and recommendations by March 1, 2026. This type of support is important to ensure that the Commission has all necessary data before finalizing the pricing index.

I respectfully request that the Economic Matters Committee give this bill a favorable report.

cc: Members of the Economic Matters Committee