



1994 Moreland Pkwy Ste 3B
Annapolis, MD 21401

o. 844•943•7637
m. 410•507•7964
f. 443•837•9332
www.rescuemed.com
info@rescuemed.com

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The Honorable C.T. Wilson
Chairman, Economic Matters Committee
Maryland House of Delegates
231 Taylor Office Building
Annapolis, MD 21401

RE: Favorable with AMENDMENT ONLY

Dear Chair Wilson and the Honorable Members of the Economic Matters Committee,

I am the CEO of RescueMeds Work Injury Pharmacy, a workers compensation pharmacy located in Annapolis, Maryland and serving injured workers. I would like to share how SB306, as sent from the Senate, will be costly, harmful to injured workers, and why an Amendment which understands the true impact of a Fee Guide, and uses data from other states would be the best course forward.



The Real Impact of SB306: Costly, Harmful, and Unnecessary



The Problem

- SB306 only applies to less than 5% of prescriptions.
- Pharmacy Benefit Managers (PBMs) and self-dispensing doctors are excluded from the fee guide.



Access Will Decline

- Independent pharmacies that serve injured workers will be forced out of business.
- Patients will face delays, denials, and complete loss of access to medication.



Costs Will Rise

- PBMs are not regulated under SB306 and continue profiting through rebates (legal kickbacks).
- Branded, high-cost drugs are incentivized, driving up overall spend.
- Patients may shift to Medicaid, ER visits, or go untreated.



Small Business Impact

- Independent pharmacies—essential to underserved populations—will be eliminated.
- This benefits large corporate PBMs and hurts local access.



No Real Savings

- Chesapeake Employers Insurance paid RescueMeds only \$25,000 total across all patients.
- RescueMeds accounts for <1% of prescription spend. Eliminating them won't yield savings.
- What's charged \neq what's paid. The true cost is in PBM fees and undisclosed rebates.



Flawed Justifications

- Testimonies rely on 'charges', not 'payments'.
- Anne Arundel had zero out-of-network prescriptions, meaning zero savings from SB306.
- Baltimore City and others paid under 50% of billed charges.



A Better Path Forward

- Amend SB306 to include PBMs and all stakeholders.
- Base reforms on transparent data: actual paid amounts, rebates, and admin costs.
- Ensure continued access and support injured workers' return to work.



Vote yes on the amendment. Let's do this right—for the injured worker, for access, for equity, and for real cost control. Thank you.

Sincerely,

Colleen Shields

Colleen Shields
CEO
RescueMeds, LLC



Deeper Dive: Pharmacy Benefits Managers DRIVE UP Prescription Costs



PBMs: A Corrupt Industry Under Fire

- PBMs like CVS Caremark, OptumRx, and Express Scripts control over 80% of the market and use their dominance to steer patients to their own pharmacies.
- These middlemen profit from spread pricing—charging insurers more than they reimburse pharmacies—and keep the difference.
- Retroactive fees and clawbacks have put many local pharmacies out of business, destabilizing community healthcare infrastructure.
- PBMs manipulate formularies not based on medical necessity, but based on which drugs yield the largest rebates for them.
- PBMs are under investigation by the Federal Trade Commission (FTC) and 39 state Attorneys General for anticompetitive practices, patient steering, and pricing abuses.
- The U.S. House Oversight Committee found that PBMs inflate prescription costs, suppress competition, and use their market power to prioritize profits over patient care.
- PBMs collect manufacturer rebates in exchange for placing high-cost drugs on formularies—at the expense of lower-cost generics and biosimilars.

- They've even created offshore entities in Ireland and the Cayman Islands to avoid regulations and hide rebate profits.



Chesapeake: Minority Opinion in Fee Guide, Now a Work Around The Fee Guide

- Chesapeake is the largest writer of workers' compensation insurance in Maryland, giving them significant market leverage.
- Their proposal to use NADAC pricing was rejected by the Fee Guide Committee in the official September 2023 meeting minutes.
- Instead of accepting this democratic process, they are attempting to legislate their rejected recommendation through SB306.
- The \$55 million dividend reported in 2023 proves that cost containment could have been accomplished without harming pharmacies or access.
- Chesapeake Employers Insurance Company (CEIC) is attempting to override the Maryland Workers' Compensation Fee Guide Committee's decisions.
- In September 2023, the Committee reviewed options and determined that using NADAC (National Average Drug Acquisition Cost)—proposed by CEIC's Carmine D'Alessandro—was the **least favored** reimbursement model.
- Despite this, Mr. D'Alessandro is leveraging political contacts in the Senate to bypass stakeholder input and force SB306 through.
- CEIC is financially strong, having reported a \$55 million surplus in 2023 alone—hardly an argument for urgent cost-cutting measures targeting pharmacies.