

PAMELA G. BEIDLE
Legislative District 32
Anne Arundel County

Chair, Finance Committee
Executive Nominations Committee

Joint Committee on Gaming Oversight

Joint Committee on Management
of Public Funds

Spending Affordability Committee



Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3593 · 301-858-3593
800-492-7122 Ext. 3593
Pamela.Beidle@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 24, 2025

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

Good afternoon Chair Wilson, Vice Chair Crosby and Member of the Economic Matters Committee;

Thank you for the opportunity to present Senate Bill 306, Workers' Compensation, Prescription Drug and Pharmaceutical Services – Reimbursements. In 2022, I attended an NCOIL conference. In fact, Delegate Mike Rogers was there also. We learned that most states, 37 of them, had prescription fee schedules for Workers Compensation. As a retired insurance agent that sold Workers' Compensation, a lot of Workers' Compensation, for 38 years, this really got my attention. I know that the cost of prescriptions is about 50% of most Workers' Compensation claims. I know that expensive Workers' Compensation Claims increase the cost of Workers' Compensation insurance for our businesses, particularly our small businesses and more importantly, for our counties, many of whom are self-insured. If a reasonable fee schedule is adopted it can save our counties MILLIONS of dollars, while still ensuring our injured workers receive the medications needed.

Later, in 2023, I attended a SAWCA conference with our Workers' Compensation Commission, I learned the Commission was considering a fee schedule like 37 other states. We heard from a nationally renowned speaker on the cost of prescriptions that adopting a fee schedule would create tremendous savings. One of the things he said—and this is important—we will get back to this later. "Do not use AWP when deciding on a fee schedule—it is a joke, it does not mean anything."

Ultimately the Workers' Compensation Commission could not come to agreement on what method to use for their fee schedule, so they did nothing in 2023.

Senate Bill 306 does not tell the Commission which fee schedule to adopt—we would not want to put that in the statute, then it could only be changed by legislation. But the bill does give the Commission some guidance and requests that the Commission decide on a fee schedule by September 1, 2026. The guidance allows them to add a percentage for the cost of dispensing. The bill also requires that the Maryland Prescription Drug Affordability Board conduct a study on specific things including prescribing high-cost formulations and dispensing practices that also increases the cost of Workers Compensation. This study is due March 1, 2026, before the prescription fee guide is due to be in effect by September 1, 2026, and can help guide the way.

We all have fee schedules or networks for our health insurance. Medicaid has a fee schedule; Medicare has a fee schedule. Only Workers' Compensation gets away with charging whatever they want to charge. And our Maryland insureds, particularly our counties are paying what they are being charged, no matter the price.

I understand that this committee has received information that AWP is the method that the Commission should use. However, AWP has fallen out of favor. AWP does not represent the real cost of a drug. Google AWP and you will read things like:

- AWP is typically higher than the actual price paid by purchasers due to discounts, rebates, and other pricing negotiations.
- AWP is often criticized for being an inflated and inaccurate benchmark, as it can be easily manipulated by manufacturers and PBMs.

BUT:

- The National Average Drug Acquisition Cost (NADAC) is an alternative metric that calculates the average price that pharmacies pay for prescription drugs, using invoice prices rather than a fabricated value.

I know many of you have seen the Optum Resource Guide and it shows many different ways to use a fee schedule. Many of the fee guides in the Optum Guide were made over 15 years ago, when AWP still had some meaning (although even then, we knew AWP was inflated, but there was a lack of other available price indexes). In 2025, besides AWP there are many other choices for a fee guide.

FUL - Federal Upper Limit

WAC - Wholesaler Average Cost

EAC - Estimated Average Cost

NADAC - National Average Drug Acquisition Cost

AAC - Average Acquisition Cost

The counties are the most affected by the lack of a fee schedule. Here is a short chart simply comparing the Average Cost per Fill of the Workers Compensation Prescriptions.

Average Cost Per Fill:	
\$298.07	Anne Arundel County
\$217.72	Baltimore City
\$200.09	Charles County
\$315.67	Montgomery County
\$465.64	Prince George's County

Included is a detailed example of what Prince George's County pays for Workers Compensation prescriptions by provider. Take notice of the amount paid over an acquisition price model. This is one County. Prince George's County paid \$10,294,373.66 for 22,108 scripts in two years, the acquisition price would have been \$2,561,068.95. There is similar data for all the self-insured counties. Do you want your county paying millions of dollars more than the actual cost of the prescriptions?

For all Paid Scripts in 2023 and 2024 in PG County:

	Amount Billed	Amount Paid	AWP	NADAC	WAC
22108	\$11,925,378.54	\$10,294,373.66	\$10,928,800.34	\$2,561,068.95	\$2,421,764.44

For PG County Paid Scripts in 2023 and 2024 with Out of Network Pharmacies:

	Number of Scripts	Amount Billed	Amount Paid	AWP	NADAC	WAC
EZScripts (formerly MailMyMeds and Public Safety Rx)	4103	\$2,452,989.10	\$2,370,139.01	\$2,249,106.38	\$699,558.36	\$424,895.18
RescueMeds	7339	\$3,815,563.02	\$3,970,726.21	\$3,564,468.89	\$1,034,828.24	\$710,383.29
Injured Workers' Pharmacy	1968	\$1,532,330.67	\$1,213,444.48	\$1,008,285.33	\$284,428.85	\$210,738.44

* In the data submitted by Prince Georges County 743 claims show zero paid in lieu of actual amount paid. Therefore, the number in the amount billed column is lower than should be.

And to be clear, this statute allows the Commission to pick more than one price index to ensure that ALL workers' compensation drugs have a price point. Additionally, the bill allows for a percentage increase or decrease from the price index as well as reasonable dispensing fees. There will be a chance for pharmacies to make a profit, but it's a reasonable profit, not the 60-88% profit we are often seeing in the data today.

Just to reinforce the issue, let's look at a particular drug that is commonly filled. High blood pressure is commonly treated in Workers Compensation for our public safety employees. This is just one example.

Atorvastatin, 20 MG, 90 Tablets, which is generic Lipitor:

Pharmacy Submitted Amount – \$623.90

AWP – \$519.63

NADAC - \$2.49, the cost of the pills per pharmacy surveys from the manufacturer, without a percentage increase or dispensing fee that SB 306 allows.

WAC - \$8.13

MCCPD (Costs Plus Drugs) – \$11.69 – this includes the cost of drugs, processing, and shipping.

Cash price in Maryland - \$10 - \$38 – walking into a pharmacy with a prescription and no insurance in Maryland

Medi-Cal – \$19.68 (this is California workers' compensation rate and includes a 7.25 dispensing fee)

And to be clear, Prince George's County filled various quantities and milligrams of Atorvastatin 612 times in 2023 and 2024. Montgomery County filled it 351 times. You can see how the price differentials would add up quickly. You can see why we need to take action to move this along.

Just to summarize:

SB 306 mandates that the WCC set a fee schedule.

SB 306 Does NOT limit anyone's prescription.

SB 306 Does NOT remove any pharmacy from providing medication in workers' compensation.

SB 306 Does NOT make any prescription unavailable.

SB 306 DOES save millions of dollars to your counties annually.

SB 306 DOES provide consistency in pricing for all.

The Senate voted this bill 47-0, I respectfully request a favorable report on this important bill.