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**IN SUPPORT OF:**

**SB 303 – Pharmacy Benefits Managers – Definitions of Purchaser and Alteration of Application of Law.**

Finance Committee

Hearing 2/5 at 2:00 PM

Independent pharmacies **SUPPORTS SB 303** – Definitions of Purchaser and Alteration of Application of Law.

We have been dealing with the repercussions of federal ERISA laws in Maryland as they related to PBMs for many years. The State and this committee have always taken the PBM assumption that their unscrupulous business practices were protected by ERISA laws as fact. Finally, federal cases have made their way through the court system and in 2020, the Supreme Court decided to hear Rutledge v. PCMA. This case was brought by the Arkansas Attorney General in defense of a 2015 law that regulates PBMs and mandates fair payments for all insurance plans they represent. In December of 2020, the court unanimously ruled on behalf of Rutledge and Arkansas. After that decision, we worked with the General Assembly in 2021 to remove any mention or implication that ERISA preempted PBM legislation from MD law but were discouraged by the committee's reluctance to broadly apply the ruling, choosing to only target reimbursement. Since 2021, it has become clear in an opinion from the Maryland Attorney General and a report from the Maryland Insurance Administration that the ruling most certainly should apply to all types of PBM regulation. SB 303 will clean up the MD statute and expand the regulation of PBMs to all plans and all sections of the law.

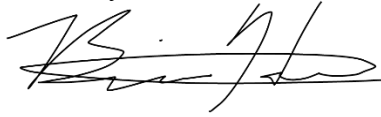
You will continue to hear from PCMA that this is not settled law, but in November of 2021, the 8<sup>th</sup> Circuit Court further upheld the Supreme Court ruling in the North Dakota case of PCMA v. Wehbi. This ruling went even further in rebuking the claims that PBMs cannot be regulated by allowing North Dakota's law to apply to Medicare Part D plans as well. The clear message from these decisions is that State Legislatures like this one, can most certainly regulate the actions of PBMs. No matter what you may hear from PCMA today or going forward, this issue of ERISA preemption has been settled, and they can no longer hide behind an almost 50 year old law.

In this Committee, for as long as we can remember, we fought the efforts of PCMA to limit any State law regulating PBMs to a very small percentage of plans. The Supreme Court eliminated the ERISA excuse from this argument and has indicated that all PBM plans are subject to regulation by State Legislatures and committees such as this one. SB 303 will allow the State to

enforce all current PBM laws in a way that more uniformly regulates the industry and allows for a more level playing field. This will ultimately benefit patients in Maryland.

I thank the committee for all the work they have done passing PBM legislation in the past and respectfully ask your support for SB 303.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Hose", with a stylized flourish at the end.

Brian M. Hose, PharmD  
Owner  
Sharpsburg Pharmacy  
301-432-7223  
brian.hose@gmail.com