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Date: February 6, 2025

Bill # / Title: Senate Bill 357 - Prescription Drug Affordability Board - Authority for Upper Payment Limits (Lowering Prescription Drug Costs for All Marylanders Now Act)

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 357.

Senate Bill 357 amends the Health General Article to require the Prescription Drug Affordability Board (PDAB or Board) to establish a process for setting upper payment limits for all purchases and payor reimbursements of prescription drug products in the State that the Board determines have led or will lead to affordability challenges. The bill also authorizes the Board to reconsider an upper payment limit for a drug that becomes a current shortage.

Under § 11-603(c)(2)(ii)(5) of the Maryland Insurance Article, the MIA can take into consideration “other relevant factors” when disapproving or modifying a proposed premium rate filing. Under that authority, if an upper payment limit is imposed, it would be a rating factor that the MIA could and would take into account when making determinations on proposed rates for the markets the Agency regulates.

Therefore, were the PDAB to set an upper payment limit for the commercial market, the MIA would be able to ensure it is incorporated in rate setting for the 34.5% of the market which it regulates (which includes Individual, Small Group, and Large Group fully insured plans). Last year, approximately 20% of overall change in claims cost in the MIA-regulated market was driven by the cost component of prescription drugs, so any upper payment limits set could help drive that component of spending down and lead to overall lower pricing trends for carriers and consumers.

For the reasons set forth above, the MIA urges a favorable committee report on Senate Bill 357 and thanks the Committee for the opportunity to share its support.