



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



MARYLAND ASSOCIATION
OF CHAIN DRUG STORES

NACDS and MACDS Testimony to the Maryland Senate Finance Committee

Wednesday, February 12, 2025

Support Senate Bill 438 – Pharmacy Benefits Administration - Maryland Medical Assistance Program and Pharmacy Benefits Managers

Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee, the National Association of Chain Drug Stores (NACDS) and the Maryland Association of Chain Drug Stores (MACDS) would like to offer our sincere thanks for the opportunity to testify in support of SB 438. Senator Lam, thank you for authoring this important bill, one that is paramount to continued access to medications for Marylanders by ensuring that pharmacies and pharmacy providers are reimbursed for, at a minimum, the costs associated with acquiring and dispensing these lifesaving medications.

Importantly, SB 438 takes an invaluable step in supporting fair and adequate pharmacy reimbursement that will help to ensure sustained patient access to pharmacy care services at neighborhood pharmacies for enrollees in the Maryland Medical Assistance Program. Specifically, SB 438 requires pharmacies and pharmacists be reimbursed, at a minimum, the National Average Drug Acquisition Cost (NADAC) of the product, as well as a professional dispensing fee set at 100 percent of the fee-for-service dispensing fee as set by the Department according to the most recent in-state cost of dispensing survey – effectively creating a rate floor for products dispensing to enrollees in the Maryland Medical Assistance Program.

Fair and adequate pharmacy reimbursement should always be comprised of two parts: 1) the ingredient cost for the prescription drug; and 2) a professional dispensing fee across payer markets to help ensure reasonable reimbursement and sustainable pharmacy service for Marylanders. Without necessary rate floors that ensure reasonable and sufficient reimbursement for community pharmacies, inadequate or below-cost reimbursement to pharmacies and pharmacists has already, and is likely to continue, to result. This outcome could force pharmacies to either operate at a loss, be unable to stock certain medications, or worse, potentially close their doors permanently—negatively impacting Marylanders by ultimately worsening patient outcomes, reducing medication adherence, and increasing prescription abandonment and hospitalizations.

In fact, the detrimental impact of pharmacies and pharmacists being reimbursed at inadequate rates has been widely reported and has become, simply put, insurmountable for many pharmacies. Throughout Maryland, neighborhood pharmacies – retail chain pharmacies and independent pharmacies alike – are experiencing the economic hardship associated with shouldering the financial burden of continued unsustainable, below-cost reimbursement that threatens their long-term viability, and ultimately, patient access to lifesaving care. In establishing a cost-based reimbursement rate floor, SB 438 will provide pharmacies and pharmacists with long-overdue reimbursement predictability related to the crucial health care services they provide to Marylanders.

NACDS, MACDS, and their members appreciate the Senate Finance Committee's continued efforts to reduce prescription drug costs and enhance affordability for patients across Maryland and welcome the opportunity to further collaborate to address these priorities. With 90 percent of Americans living within 5 miles of a pharmacy, SB 438 will help to ensure Maryland's families have sustained access to pharmacy care at their neighborhood pharmacies. Marylanders rely on neighborhood pharmacies for access to important healthcare services like health screenings, disease management, vaccinations, testing services, and patient counseling, as well as essential medication access. Plainly stated, fair and adequate cost-based reimbursement rates shape patients' access to this type of care at their local pharmacies. SB 438 is critical for patient access and will protect neighborhood pharmacies. **For all of these reasons, NACDS, MACDS, and their members strongly endorse SB 438 and urge the Senate Finance Committee to advance the legislation as expediently as possible.**