

February 25, 2025

The Honorable Pamela Beidle
Chairman Senate Finance Committee
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Senate Bill 306 – OPPOSE

Madame Chairman, Vice Chairman, and Members of the Committee,

EZ Scripts Pharmacy is a national home delivery pharmacy specializing in serving injured workers. We respectfully submit this testimony in opposition to Senate Bill 306, which proposes significant changes to the reimbursement structure for prescription drugs and pharmaceutical services under Maryland's workers' compensation law. Specifically, the bill:

- Limits reimbursements to the acquisition cost, calculated per unit at the time of dispensing, with possible inclusion of reasonable dispensing fees.
- Grants the State Workers' Compensation Commission authority to regulate these reimbursement fees and charges.
- Requires the Commission to establish new regulations, effective October 1, 2025.
- Mandates regular review and updates to medical fee guidelines.

Concerns with Senate Bill 306

While we do not oppose the establishment of a reimbursement fee schedule for workers' compensation medications, we strongly urge a thorough evaluation with interested stakeholders to prevent negative consequences on Maryland's workers' compensation system.

Potential Disruptions to Standard Reimbursement Practices

Unlike many states, Maryland does not currently have a fee schedule for medication reimbursements under workers' compensation. In most states with fee schedules, reimbursements are based on Average Wholesale Price (AWP), a widely used industry standard. In states without a fee schedule, Pharmacy Benefit Managers (PBMs) typically reimburse out-of-network pharmacies at AWP or use a formula derived from AWP. Workers' compensation PBM processing systems are built to calculate National Drug Codes (NDC) based on AWP. This is because workers compensation systems are not structured like healthcare systems that generally use acquisition cost-based pricing. Acquisition cost-based pricing (such as using the National Average Drug Acquisition Cost (NADAC) database or similar methodologies) would disrupt existing industry-standard processes, impacting all stakeholders.

Risks to Injured Workers and Employers

Radical changes to reimbursement structures can create significant challenges. One major concern is reduced access to medications, as the complexity of workers' compensation may lead pharmacies to opt out of servicing these claims. Additionally, cost shifting could occur, potentially increasing out-of-pocket expenses for injured workers and transferring costs to other insurance programs. Furthermore, adjusting pharmacy benefit manager (PBM) payment processing to accommodate Maryland's unique carve-outs would likely result in higher administrative costs, which could ultimately be passed on to Maryland employers.

Need for a Thorough Study

Before implementing such a significant change, a comprehensive study of Maryland's current pharmacy reimbursement practices is necessary. Further, a study should be conducted by the Workers' Compensation Commission and stakeholders, including but not limited to pharmacies servicing injured workers. Any changes to Maryland's workers' compensation system must prioritize access to necessary medications and ensure injured workers can recover without unnecessary hardship. Without a clear understanding of the impact, the bill could create barriers to care, delaying recovery for injured workers.

For these reasons, EZ Scripts Pharmacy urges an **unfavorable report on Senate Bill 306**. Thank you for your time and consideration.

Darren Thomas

Darren Thomas
Chief Operating Officer