

February 21, 2025

The Honorable Pamela Beidle
Chair, MD Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Re: SB 306 - Worker's Compensation - Prescription Drug and Pharmaceutical Services - Reimbursements - OPPOSE

Dear Chair Beidle, Vice Chair Hayes and members of the Senate Finance Committee:

I am George Goodwin, the CEO of Excelsia Injury Care, a multi-specialty healthcare provider based in Baltimore, Maryland, specializing in treating injured workers through multi-specialty care and filling their prescriptions for medications both before compensability is determined and throughout the workers' compensation lifecycle. During 2024 we treated over 4,300 injured Maryland workers and provided necessary medication to over 1,300 on the day of their initial clinic visit. This resulted in higher levels of patient satisfaction and improved ability to recover and return to work.

I am writing to strongly oppose **SB306**, which seeks to implement a **Fee Guide for prescription reimbursement at Acquisition Cost**. This bill would impose an unsustainably low reimbursement rate, eliminating the ability of providers to continue to provide physician office dispensing of necessary medications. If enacted, SB306 would eliminate patients receiving needed medications when receiving care during their initial clinic visit. Additionally it would lead to pharmacies refusing to process workers' compensation prescriptions, and, most critically, injured workers losing access to the medications they need for recovery. The consequences of SB306 would eliminate Excelsia Injury Care's ability to provide this service and most importantly, delay treatment, recovery and the ability to return to work for the injured workers the system is designed to protect.

Alignment with the Maryland Workers' Compensation Commission's Mission

The Maryland Workers' Compensation Commission's mission and vision emphasize **timely and equitable administration of benefits** for injured workers:

Mission:

"The Maryland Workers' Compensation Commission seeks to secure the equitable and timely administration of the provisions of the Maryland Workers' Compensation law on behalf of its customers, the injured workers and their employers, by providing an efficient forum for the resolution of individual claims."

Vision:

"The Workers' Compensation Commission envisions a state wherein injured workers and

employers are empowered to create an equitable partnership to facilitate prompt and fair resolution of workers' compensation matters."

By **drastically cutting pharmacy reimbursements, SB306 contradicts these principles**, introducing new barriers to care instead of facilitating access for injured workers.

Understanding Workers' Compensation: The "Grand Bargain"

Workers' compensation was created as a **mutual agreement**—a "**Grand Bargain**"—to protect **injured workers while limiting employer liability**. This system involves multiple stakeholders, including **Commissioners, insurers, Pharmacy Benefit Managers (PBMs), Third-Party Administrators (TPAs), vocational rehabilitation providers, physicians, attorneys, and pharmacies**, all of whom collaborate to provide care for Maryland's injured workers.

The system is inherently **complex and highly litigious**, meaning even minor changes can **trigger significant, unintended consequences** for patient care and access.

The Harsh Reality: Denials, Delays, and Contested Cases

The workers' compensation system is already **fraught with challenges**, including frequent **delays, denials, and contested claims**:

- **88,000** First Reports of Injury (Annual)
- **22,000** Formal Claims Filed
- **12,000** Contested Cases
- **599** Cases Ultimately Denied

(Source: Pending official data link)

Nearly **half of all injured workers in Maryland face contested cases**, leading to **months-long litigation** before care is authorized. During this **gap period**, when insurance carriers deny liability, injured workers are often left without essential medications and medical care.

Filling the Gap: The Role of Specialty Workers' Compensation Pharmacies

During this "**gap**" period, when insurers delay or contest liability, providers that utilize physician off dispensing like Excelsia Injury Care, step in to ensure injured workers receive the necessary medications.

Unlike traditional retail pharmacies, **workers' compensation providers dispense medications even without a guarantee of payment**, often waiting **months or even years** for reimbursement.

Challenges of Workers' Compensation physician office based dispensing vs. Retail Pharmacies

Challenge	Physician Office Based Dispensing	Retail Pharmacies
Handle complex workers' comp cases	✓	✗
Require medical records for each prescription	✓	✗
Guaranteed payment for prescriptions	✗	✓
Payment within 15 days	✗	✓
Payment delays (100-day average)	✓	✗
Specialization in workers' compensation claims	✓	✗
Contracted with PBMs (leading to non-payment risk)	✗	✓
Litigation costs due to denied payments	✓	✗
Frequent short payments from insurers	✓	✗
Preauthorization requirements	✓	✗
Coordination with attorneys for appeals	✓	✗

The added burden of **medical records submission, preauthorization, and follow-up with insurers** makes workers' compensation physician office dispensing significantly more complex than standard retail pharmacy dispensing.

What Happens If Injured Workers Cannot Get Their Prescriptions?

If pharmacies refuse to fill workers' compensation prescriptions due to **low reimbursement rates**, injured workers will have limited options:

1. **Pay Out-of-Pocket at AWP, or "Cash" Prices** –
2. **Go Without Medications** – Leading to worsened medical conditions and delayed return to work/recovery.
3. **Turn to Medicaid or Other Payors** – Causing cost-shifting to Maryland taxpayers.

Cost-Shifting to Medicaid: An Inevitable Consequence

When injured workers are denied access to their medications under workers' compensation, they often **rely on Medicaid** instead. This [cost-shifting](#) directly impacts Maryland's Medicaid program, increasing expenses for taxpayers while shifting the financial burden away from insurers.

Lack of Justification for SB306

There is **no data-driven justification** for the drastic reimbursement cuts proposed in SB306.

- **No studies have demonstrated that prescription costs are a burden to insurers.**
- **No evidence has been provided to show prescription coverage is driving up workers' comp insurance rates.**
- **The state's largest insurer, Chesapeake Employers Insurance Fund, has seen a 37% rate decrease and recently returned over \$50 million in excess funds to policyholders.**

Failure to Include Key Stakeholders in the Medical Fee Guide Review

The **Medical Fee Guide Committee** was tasked with examining prescription costs but **has not conducted follow-up analysis since November 2023**.

Critically, **no providers that physician office dispensing were consulted** in developing the proposed reimbursement structure, despite their central role in providing care. We strongly urge the Committee to **reconvene** and include **all stakeholders**, including:

- A provider that utilizes physician office dispensing

- A pharmacy specializing in workers' compensation
- A Maryland resident with a Permanent Partial Disability (PPD)
- Other relevant healthcare and insurance experts

The **Prescription Drug Affordability Stakeholder Council** provides an excellent model for **inclusive, data-driven policy decisions**. SB306 should not proceed without a similar **multi-stakeholder analysis** to assess the **true impact on injured workers and access to care**.

Conclusion: A Call for Sensible Policy

SB306, as written, threatens the **viability of workers' compensation healthcare providers to utilize physician office dispensing, the stability of the system, and—most critically—the health and well-being of Maryland's injured workers**.

We **strongly urge the Committee to reject SB306** and instead engage **all stakeholders** in a transparent, data-driven analysis of workers' compensation pharmacy reimbursement.

Thank you for your time and consideration.

Sincerely,



George M. Goodwin
CEO
Excelsia Injury Care