



Maryland Community Health System

Committee: Senate Finance Committee

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

Hearing Date: February 6, 2025

Position: Letter of Information

The Maryland Community Health System wants to provide informational comments in regards to *Senate Bill 357 - Prescription Drug Affordability Board - Authority for Upper Payment Limits (Lowering Prescription Drug Costs for All Marylanders Now Act)*. This bill would expand the scope of the Prescription Drug Affordability Board (PDAB) to allow upper payment limits to be set in the commercial insurance market. Additionally, the bill would require PDAB to consider the effect of upper payment limits on providers of 340B drugs. If a drug is under consideration by PDAB for an upper payment limit but then meets the requirements of becoming a drug with a current shortage, PDAB may not count a pharmacy dispensing fee toward an upper payment limit.

The Maryland Community Health System (MCHS) is a network of federally qualified health centers (FQHCs) providing primary, behavioral, and dental care to underserved communities throughout Maryland. While we recognize additional language has been added in the bill relating to 340B providers, the 340B program is still very complex. We wanted to provide background information on how the 340b program works for FQHCs. There still could be scenarios where PDAB could decrease our 340b pharmacy savings used by FQHCs to care for the complex needs of the underserved communities.

The 340b program was established 30 years ago by the federal government to provide access to discounted medications for low-income and underinsured patients and also to

provide additional resources in the form of savings to covered entities, including FQHCs, to sustain the mission of providing health care to underserved communities. The 340b program reduces acquisition costs for medications for covered entities enabling uninsured patients to obtain discounted medications. For insured patients, 340b discounted medications enable covered entities to bill insurance companies at allowable reimbursement rates which results in savings to be reinvested in patient care and to sustain the mission. Any reduction in allowable reimbursement rates or increases in the costs of discounted medications reduces the value of the 340b savings realized by these covered entities. An upper payment limit which reduces current reimbursement rates or increases the acquisition costs of 340b discounted medications reduces the realized savings and revenues which may be reinvested into patient care, caring for the uninsured and sustaining the mission. FQHCs invest all these savings back into supporting patient care and sustaining their missions. Imposing an upper payment limit could have negative health equity effects

FQHCs have a dedicated mission to serve impoverished communities “regardless of ability to pay.” Our health centers are required to offer healthcare services with sliding fee scales for patients who have significant barriers to access health care. In addition, there are other programs that support access to care and medications so that no patients go without their medications. FQHCs utilize their 340B savings to provide the array of integrated care that includes adult and pediatric primary care, behavioral health, substance use, psychiatry, ob/gyn services, dental services, pharmacy, social services, food assistance, transportation, even housing in some situations.

We appreciate the very important goal of reducing patient cost burdens. We ask the Committee for special consideration of any statutory language that references the 340B program. If we can provide any further information, please contact Robyn Elliott at relliott@policypartners.net.