

Maryland Senate Finance Committee
cc: Senator Pamela Beidle (Chair) and Senator Antonio Hayes (Vice Chair)



February 24, 2025

Re: MyMatrixx Comments on Senate Bill 306

MyMatrixx, an Evernorth Company, appreciates the opportunity to submit comments to the Senate Finance Committee on Senate Bill 306. By way of background, MyMatrixx is one of the largest workers' compensation pharmacy benefit management (PBM) companies in the country, providing PBM services to thousands of client groups, including workers' compensation insurance carriers, employers, third-party administrators, and public sector payers. We take a strategic approach to workers' compensation, structuring customized client solutions around best-in-class core services, supported by advanced trend-management and clinical-review programs, to ensure safety for injured workers, while aggressively controlling costs.

Support

MyMatrixx supports SB 306 as it would establish a needed uniform fee schedule for reimbursement of pharmaceuticals in the Maryland workers' compensation system. While contracting with networks of pharmacies through PBMs is one of the most effective ways of controlling costs for medications in the system and most transactions flow through a network today, not all providers accept contracted rates. These non-contracted "out of network" instances are where state fee schedules can assist to place a ceiling on pharmaceutical costs to ensure they are reasonable.

Under the current state workers' compensation reimbursement structure, there is no uniform fee schedule. Existing Code of Maryland Regulations 14.09.08.04, instead, permits individual insurers to base their reimbursement for dispensed medications to pharmacies and dispensing physicians on "nationally recognized and published relative value studies, or on the values assigned for services involving similar work and resources." The reimbursement value chosen by that individual insurer is then subject to review by the Workers' Compensation Commission and has led to many disputes between parties. This contrasts with most other states' workers' compensation systems, which establish fee schedules for dispensed pharmaceuticals, thereby reducing disputes, adding more certainty to providers and payers, and ensuring injured worker access to needed medications for their workplace injury. SB 306 would resolve this issue by requiring such a fee schedule.

Ensure Coverage

In addition to our support for establishing a pharmaceutical fee schedule, we also encourage legislators and the Workers' Compensation Commission to ensure that all dispensed medications are covered under the fee schedule. By this, we mean all national drug codes (NDCs) for both prescription and non-prescription medications and all providers that may dispense those NDCs.



Though subject to subsequent Commission determination, it is our understanding that the chief “index” based on acquisition cost available to adopt by the Commission would likely be the National Average Drug Acquisition Cost (NADAC). As you may be aware, NADAC is the result of a survey process the federal Centers for Medicare and Medicaid Services (CMS) uses to estimate pharmacy pricing for drugs acquired by retail pharmacies that state Medicaid programs can utilize to set reimbursement rates to pharmacies. Given the voluntary survey nature of this index and its connection specifically with Medicaid, it does not cover all medications dispensed within the workers’ compensation system. This gap, the percentage of transactions without a NADAC, can be as high as 15 percent based on prior data we gathered, with the collective dollar cost of those medications representing an even higher percentage of total medication costs (some more expensive drugs dispensed in the workers’ compensation system may not have a NADAC).

Wholesale Acquisition Cost (WAC) may also fit within the bill’s “acquisition cost” framework. WAC is generally a more comprehensive published index that could be used to account for many of the NADAC gaps. However, though rarer, there are some medications which also do not have a WAC.

Given these gaps, we support the ability of the Commission to adopt secondary or tertiary published reimbursement indexes to avoid potential loopholes. Practically, that may need to include other published indexes available in the industry that are not necessarily tied to an “acquisition cost.” The most important aspects of this would be that any such ‘backup’ index is published, available to stakeholders to use, and updated frequently to account for market realities. Granting the Commission the authority to do adopt such backup sources will ensure all medications have a fee schedule rate tied to them and avoid the current subjective system of disputes and uncertainty. In lieu of that, the Commission should still be granted authority to cap reimbursement for these gap medications, even if not tied to an acquisition cost index.

Additionally in terms of coverage, we support applying this fee schedule to all dispensing providers – including physicians who may dispense medications to their injured patients. Physician dispensing has continued to be a notable concern in many states for workers’ compensation for several years. A 2024 Workers’ Compensation Research Institute report showed that physician-dispensed medications accounted for over half of total medication payments in the Maryland worker’s compensation system.¹ We believe the practice of physician dispensing bypasses the benefits of a PBM and ignores critical patient safety alerts that are typically identified and communicated to retail pharmacies before medications are dispensed. We believe it important to hold dispensing physicians to the same standards as dispensing pharmacists, including reimbursement. SB 306 in its current introduced form would apply to all “prescription drugs and pharmaceutical services,” which

¹ WCRI: “Interstate Variations and Trends in Workers’ Compensation Drug Payments, 5th Edition” (June 2024)



would include dispensing physicians, and any potential amendments to it should maintain that inclusion and not create a loophole for those providers to inflate medication costs for the state's employers.

Collaboration

MyMatrixx remains committed and willing to collaborate with the committee and the Workers' Compensation Commission to ensure that any changes made enable us to process the required medications at the appropriate costs without negative impacts to our payer clients and the injured workers we serve. Thank you for your consideration of our comments. If you have questions regarding our comments, please contact me for further discussion.

Sincerely,

Adam Fowler

Director, Workers' Compensation Regulatory Affairs

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