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Bill # / Title: House Bill 321 - Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law

Committee: House Health and Government Operations Committee

Position: Letter of Information

The Maryland Insurance Administration (MIA) appreciates the opportunity to provide information regarding House Bill 321.

House Bill 321 seeks to alter the scope of the provisions of Maryland law that regulate Pharmacy Benefit Managers (PBMs). It does this by expanding the definition of “purchaser” in §15-1601 of the Insurance Article, and by removing restrictions in current state law that make certain sections of law apply only to PBMs acting on behalf of a carrier.

By eliminating language restricting the applicability of certain aspects of the law to PBMs acting on behalf of a carrier, the following sections of the Maryland Insurance Article would apply to PBMs providing pharmacy benefits management services to all purchasers in Maryland:

- information on and sales of prescription drugs (§ 15-1611);
- choice of pharmacy by a beneficiary (§ 15-1611.1);
- reimbursement for a pharmaceutical product or pharmacist service (§ 15-1612);
- requirements before entering into a contract (§ 15-1623);
- rebate sharing contract requirements (§ 15-1624);
- audits by PBMs (§ 15-1629); and
- internal review process requirements (§ 15-1630).

The proposed expansions of the law will grant the MIA jurisdiction over PBMs servicing self-funded plans in a broader context, requiring an enhanced evaluation of compliance through investigations and market conduct activities. The increased enforcement efforts may necessitate an adjustment of PBM registration fees to sufficiently finance the added compliance evaluations.

The MIA retains the authority to modify these fees, should implementation of the bill require additional resources.

Thank you for the opportunity to provide this letter of information. The MIA is available to provide additional information and assistance to the committee.