



January 21, 2025

The Honorable Joseline A. Pena-Melnyk, Chair
The Honorable Bonnie Cullison, Vice Chair
240 & 241 Taylor House Office Building
Annapolis, Maryland 21401

**Testimony of Julio Palomo, Business Manager, Laborers' Local 11, LiUNA
on HB 321: Pharmacy Benefits Managers – Definition of Purchaser
and Alteration of Application of Law
Position: UNFAVORABLE**

Thank you Chair Pena-Melnyk, Vice Chair Cullison, and Members of the House Health and Government Operations Committee for the opportunity to offer testimony on HB 321.

My name is Julio Palomo. I am the Business Manager of Laborers' Local 11, an affiliate of the Laborers' International Union of North America, or LiUNA for short. Local 11 represents more than 3,000 members across suburban Maryland, Northern Virginia, and the District of Columbia. Our members are proudly employed on many infrastructure construction projects throughout the DMV. More than half of our members are Maryland residents.

LiUNA opposes HB 321 and its cross-file, SB 303, as they broadly expand Maryland's regulation of pharmacy benefit managers working on behalf of self-funded large employers, counties, municipalities, unions and their respective employees.

One of the most important fringe benefits a LiUNA member receives is health insurance coverage. This legislation has the potential to adversely impact the cost and type of coverage our members are provided. HB 321 would upend a long body of case law and a long legislative history of the State not regulating self-funded or ERISA health insurance plans. HB 321 has been supported by pharmacies for the sole purpose of increasing their remuneration at the expense of union members. The proponents incorrectly assert that this legislation is constitutional under the 2020 Supreme Court decision in *Rutledge v. PCMA*.

If passed this legislation would result in employers and unions with self-funded plans would have inconsistent rules across state lines. HB 321 would result in additional costs for employers and or union members. The increased costs will be borne directly by the employer or our union members in the forms of decreased benefits or increased co-pays for prescription drugs.

Specifically, HB 321 may change current negotiated health care plans and coverages in the following manner:

- 1) Increasing prescription dispensing fees;
- 2) Altering the terms and costs of mail order pharmacy dispensing;
- 3) Altering current networks; and
- 4) Eliminating protections from price gouging for specialty drugs.

We urge this committee to protect our current benefits and allow our plans to be treated consistently nationwide. We strongly oppose the legislation and respectfully ask for an unfavorable report. Should the committee have any questions please reach out to our legislative counsel, Bill Kress.