

COUNTY COUNCIL OF DORCHESTER COUNTY
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January 29, 2025

The Honorable Joseline A. Pena-Melnyk, Delegate
Health and Government Operations Committee
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: Letter of Opposition – House Bill 321, “Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law”

Dear Chairman Pena-Melnyk and Committee Members:

On behalf of the Dorchester County Council, I respectfully offer its opposition for House Bill 321 entitled “Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law” *for the purpose of altering the definition of “purchaser” for the purpose of certain provisions of State insurance law governing pharmacy benefits managers to exclude certain nonprofit health maintenance organizations; repealing certain provisions that restrict the applicability of certain provisions of law to pharmacy benefits managers that provide pharmacy benefits management services on behalf of a carrier; and generally relating to pharmacy benefits managers.* This bill seeks to limit the tools Pharmacy Benefits Managers (PBMs) can use to negotiate pharmaceutical prices on behalf of their clients, including county governments. Doing so will significantly disrupt counties’ ability to provide county staff with the best and most fiscally responsible benefits for their public service.

House Bill (HB) 321 will impose several harmful limitations, including restricting the design of benefits plans, inhibiting management of vendor contracts, and undermining employers’ ability to create necessary checks and balances to protect staff and their financial contributions to benefits plans. In practice, HB 321 will substantially reduce, if not eliminate, PBMs’ ability to use cost-saving tools critical to negotiating fair and competitive prescription drug prices for counties and their employees, such as requiring 90-day supplies of certain medications or mandating mail orders for specific prescriptions. Counties employ and fund thousands of workers statewide, including county staff, first responders, correctional employees, and school personnel. Providing comprehensive and affordable benefits to these employees is a key priority for local governments. Counties achieve this through a rigorous process of negotiations, consultants, benefit managers, and Requests for Proposals.

The State has not played a role in this process and should not begin to do so, as it is most effective and efficient as a local process. HB 321 will disrupt that process, with detrimental financial effects on counties and the public servants they employ. Ultimately, HB 321 will hinder counties’ ability to offer

comprehensive health benefits and lead to increased co-pays and overall plan costs for county staff, who are Marylanders serving their communities. While local governments often cannot match private-sector salaries, they compensate with excellent benefits at low or no cost. By undermining PBMs’ ability to negotiate fair prices on behalf of employers, HB 321 will jeopardize counties’ ability to maintain these critical and competitive benefits. We kindly request that you look unfavorably upon this bill.

Thank you for your time and consideration of this letter of opposition. If you have any questions, please contact the Council’s Office at (410) 228-1700

Sincerely,



George L. Pfeffer, Jr.
President

cc: The Honorable Johnny Mautz, Senator
The Honorable Christopher T. Adams, Delegate
The Honorable Sheree Sample-Hughes, Delegate
The Honorable Tom Hutchinson, Delegate