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Testimony in Favor of Senate Bill 987
Before the Budget and Taxation Committee
Public Citizen
March 11, 2026

Chair Guzzone, Vice-Chair Rosapepe, and Members of the Budget and Taxation Committee; Public Citizen is a nonprofit consumer advocacy organization with more than one million members and supporters throughout the U.S., including many members in Maryland. Public Citizen's Access to Medicines Program works with partners across the U.S. and around the world to make medicines available for all through tools in policy and law.

We support Maryland's proposal to eliminate the state's tax deduction for direct-to-consumer pharmaceutical advertising, a move Public Citizen estimates could generate nearly \$24 million annually to spend on health care.¹

It is not in Maryland's best interest to subsidize prescription drug advertising activities.

As one of only two countries that allows direct-to-consumer pharmaceutical advertising, the United States is an outlier. These ads, which are largely viewed as a public annoyance to television audiences, can cause harm by driving up health care costs and compromising provider-patient relationships.

¹ Our estimated range is \$10.2 million to \$23.46 million a year. The low end of the range relies on estimates of DTC ad spend that are nearly a decade old and likely too low. However, there are [some sources](#) indicating current DTC ad spend may be even higher than the estimate we used for the higher range.

For the low end of the range: We used this [2021 GAO report](#) that estimated about \$6 billion in annual DTC spend for 553 drugs. We divided the \$6 billion by 50 to come up with Maryland's share of that which is \$120 million. Maryland's population was ranked [18th in the nation](#) in the 2020 census so possible a share that is larger than 1/50th would apply but there isn't any readily available source of what percentage of U.S. income drug companies make per state and [some evidence](#) to indicate this is probably reasonable or maybe a slight overestimate.

We then applied the 8.5% Maryland corporate tax rate to \$120 million to get to \$10.2 million.

High-end of range: There are several sources indicating that U.S. pharma DTC ad spend has risen quite a bit since GAO performed their study. For a higher end estimate we used this \$13.8 billion data point [from CSRxP](#) which is 2023 DTC spend.

If you do the same calculation we did above with \$13.8 billion (divide by 50 and then multiply by 0.085) you get \$23.46 million.

Direct-to-consumer pharma advertising is associated with [increased patient requests and prescriptions for higher-cost drugs](#), when more cost-effective options including generics exist. Further, most pharma television advertising is spent on products [with low therapeutic value](#) to patients.

While the drug industry typically only advertises a fraction of available medicine, advertised drugs contribute disproportionately to drug spend. [A 2021 U.S. Government Accountability report](#) tracking DTC ad trends from 2016 to 2018, found that the Medicare program and its beneficiaries spent more than half of total Medicare Parts B and D spending on advertised prescription drugs during that period. In recent years the drug industry has expanded its DTC tactics. Manufacturers are increasingly using advertisements to connect patients with telehealth providers whom they fund and are likely to prescribe the pharma's medication. The drug company then directly facilitates access to the medication. These practices raise new concerns about [potentially inappropriate patient steering](#) to high cost drugs, that also impedes the government's ability to lower drug costs.

Senate Bill 987 is an innovative way to address this problem, protecting consumers from the skyrocketing cost of prescription drugs while also generating revenue to help support the growing health care coverage demands of Maryland.

Under your Committee's leadership we have made great gains in Maryland in expanding access to quality, affordable health care for all Marylanders. Since the passage of the Affordable Care Act (ACA) we have gone from 13% of Marylanders being uninsured to 6%. Keeping Marylanders insured ultimately helps all of us because when Marylanders lose their health coverage, they often have to get their care in the emergency room which is the most expensive place possible. The resulting uncompensated care drives up everyone's health insurance premiums. Expanding access to health coverage in Maryland has resulted in [\\$460 million in savings](#) to the health care system which helped stabilize premiums for everybody.

However, in the coming years hundreds of thousands of Marylanders could lose their coverage due to new administrative burdens and budget cuts from HR 1 and Congress's termination of enhanced advance premium tax credits. The resulting uncompensated care will cause everyone's health insurance premiums to rise. None of us can afford for Marylanders to lose coverage.

SB 987 would combat federal attacks on Marylanders' access to health coverage, and help keep people covered. Under HR 1 there will be new work requirements and six-month redeterminations for adults who receive Medicaid through the ACA expansion. We know from examples in other states that work requirements don't increase employment. In Maryland the vast majority of Medicaid recipients are already working or have a reason not to be like going to school or serving as a caregiver or having a disability, but the added administrative burden could cause them to fall off their Medicaid coverage, ironically making it less likely that people will be able to stay healthy enough to work.

SB 987 would put \$5 million per year into funding Medicaid eligibility operations, which would help the State build and maintain the infrastructure to keep Marylanders from falling through the cracks and losing their Medicaid coverage. Investing in IT systems to use the data the state already has to verify eligibility can simplify the enrollment and re-enrollment process for Medicaid participants and state employees alike. Navigators, working in local communities across the state, were critical in helping Marylanders get enrolled in health coverage during the rollout of the ACA. Using this successful

strategy again by investing in navigators in local health departments can help prevent Marylanders from losing coverage due to the new administrative requirements and provide individualized support. Investing in eligibility operations reduces the risk that people will lose coverage due to paperwork issues.

SB 987 would put funds above \$5 million into premium assistance programs that Maryland Health Benefit Exchange would use to protect Marylanders' access to coverage. Due to Congress's termination of enhanced premium tax credits, many Marylanders who purchase private health coverage from Maryland Health Benefit Exchange are experiencing spiking health insurance premium costs, or are at risk for higher costs in the future. In 2025 Maryland wisely created the State Based Individual Subsidy Program to mitigate enrollment losses and stabilize the marketplace. This builds on the Young Adult Subsidy Program which has been in place since 2022 and helps stabilize the marketplace by bringing younger and healthier Marylanders into the marketplace. These programs have been lifesavers for Marylanders to be able to continue to afford their coverage. However, these programs are at risk due to lack of future funding. If they shrink or are discontinued even more Marylanders will lose their ability to pay for health insurance.

We thank Senator Karen Lewis Young and Delegate Natalie Ziegler for their leadership on this issue and wholeheartedly support the ongoing effort to put patients over Big Pharma profits. For too long, the pharmaceutical industry has claimed they need to keep their prices high for research and development while they have [spent many times more on advertising and self-enriching activities](#). It is time that Maryland puts an end to taxpayer sponsorship of this practice and puts our patients first. Please protect the progress that we as a state have made expanding access to quality, affordable health care for all Marylanders.

We thank the Committee for your consideration of this legislation and urge a favorable report on Senate Bill 987.