



Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

March 11, 2026

The Honorable Guy Guzzone
Budget and Taxation Committee
3 West, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 987 – Support

Dear Chair Guzzone and Members of the Committee:

On behalf of Kaiser Permanente, I am writing to express our strong support for Senate Bill 987. This legislation represents a critical step toward addressing the rising costs of healthcare by requiring pharmaceutical companies to add back direct-to-consumer advertising expenses for certain drugs to their Maryland taxable income—a practice that often prioritizes corporate profit over patient health and evidence-based medicine.

Kaiser Permanente is the nation’s largest integrated healthcare delivery system, and our mission is to provide high-quality, affordable healthcare services and to improve the health of our members and the communities we serve. Central to this mission is our commitment to evidence-based prescribing. Our physicians and pharmacists work together to ensure that medications are prescribed based on clinical efficacy and safety rather than the influence of marketing.

Pharmaceutical manufacturers spend billions of dollars annually on DTC advertising—nearly \$14 billion in 2023 alone. These advertisements are designed to encourage patients to request specific, often high-cost brand-name drugs, even when equally effective and more affordable alternatives are available. Research has shown that most ad dollars are directed toward drugs that are not necessarily the most effective or safest options, but rather those that generate the highest profit margins.

The consequences of this marketing surge are significant:

- **Increased Healthcare Costs:** DTC advertising drives demand for expensive medications, which in turn increases costs for patients, health systems, and government programs.
- **Pressure on Clinical Relationships:** When patients are influenced by splashy commercials, they may pressure their physicians to prescribe medications that may not be medically appropriate or the best value for their specific condition.
- **Safety Gaps:** The rise of DTC-linked telehealth platforms has created further risks, as medications may be prescribed by clinicians who lack a full understanding of a patient’s medical history or electronic health records.

SB 987 aligns with Kaiser Permanente’s public policy goals by eliminating the ability of pharmaceutical companies to deduct these advertising expenses from their Maryland taxable

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income. It is inconsistent with public health goals for the state to provide tax breaks that subsidize marketing tactics that ultimately make healthcare less affordable for Marylanders. By requiring this additional modification, Maryland can take a leadership role in curbing the negative effects of pharmaceutical marketing and ensuring that tax policy supports the health and financial well-being of its citizens.

For these reasons, Kaiser Permanente urges a favorable report on SB 987.

Thank you for the opportunity to comment. Please feel free to contact me at Allison.W.Taylor@kp.org or (202) 924-7496 with questions.

Sincerely,

A handwritten signature in cursive script that reads "Allison Taylor".

Allison Taylor
Director of Government Relations
Kaiser Permanente