

JUSTIN READY
Legislative District 5
Carroll County

MINORITY WHIP
Finance Committee



James Senate Office Building
11 Bladen Street, Room 315
Annapolis, Maryland 21401
410-841-3683 · 301-858-3683
800-492-7122 Ext. 3683
Justin.Ready@senate.state.md.us

THE SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

March 4, 2026

Senate Finance Committee
Maryland General Assembly
Annapolis, Maryland

Senate Bill 837 Maryland Medical Assistance Program and Health Insurance - Coverage and Utilization Review - Drugs Reviewed by the Prescription Drug Affordability Board

Dear Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee:

I am writing to present Senate Bill 837 and to respectfully request your favorable consideration. Let me begin candidly. I have not historically supported government price-setting mechanisms such as Upper Payment Limits (UPLs). I believe in competitive markets, transparency, and fiscal discipline. However, the Prescription Drug Affordability Board (PDAB) framework is now law, and the Board is proceeding under its statutory authority. Given that reality, if the State sets a UPL on a drug deemed unaffordable, we have an obligation to ensure that action translates into meaningful patient access and measurable benefit.

That is the purpose of SB 837.

During the Committee's January briefing on PDAB implementation, thoughtful and important questions were raised about how Upper Payment Limits will function in practice. The Board has made preliminary affordability determinations for certain high-cost drugs and is moving toward potential UPLs. At the same time, it was acknowledged that patient savings may depend heavily on benefit design — particularly coinsurance structures — and that transparency into net pricing remains limited.

A price ceiling alone does not guarantee lower out-of-pocket costs or improved access. If a UPL is imposed but insurers respond by increasing deductibles, shifting drugs to more restrictive formulary tiers, adding prior authorization requirements, or imposing step therapy protocols, the intended benefit may never reach patients.

To better understand the access landscape, a formulary analysis of drugs currently under PDAB review was commissioned by the Value of Care Coalition and prepared by John-Pierre Cardenas, formerly of the Maryland Health Benefit Exchange (*see link to the analysis' topline findings below*). The analysis showed significant variability across carriers in tier placement and utilization management. Some drugs were placed on specialty tiers with high coinsurance; prior authorization and step therapy were common; and in certain markets coverage was absent altogether.

The issue is not improper conduct. The issue is inconsistency. If the State determines that a drug presents affordability challenges and caps its price, we should ensure that access protections preserve the intended impact of that decision. SB 837 provides that policy coherence.

As amended, the bill addresses concerns raised by the Maryland Prescription Drug Affordability Board's Executive Director, Andy York. First, its protections now only apply to drugs subjected to a UPL. It does not interfere with cost review, preliminary determinations, or the Board's analytical process. Second, the bill applies only in markets where a UPL has actually been implemented. It does not automatically extend restrictions to the commercial market.

For drugs subject to a UPL, insurers and Medicaid managed care organizations may not impose new prior authorization requirements, step therapy, higher cost-sharing, more restrictive tier placement, formulary removal, or reductions in prescription drug coverage. A narrow exception is included for FDA safety concerns or drug discontinuation.

Regardless of one's position on UPLs as a policy tool, once the State exercises that authority, it should ensure the decision has real-world meaning. SB 837 ensures that implementation aligns with legislative intent and that affordability determinations result in tangible benefit for Maryland patients.

For these reasons, I respectfully request a favorable report on Senate Bill 837.
Sincerely,

Justin Ready
Maryland State Senator

Value of Care Commissioned PDAB Analysis of Drugs Currently Being Reviewed by the PDAB Topline Findings:

<https://valueofcarecoalition.org/wp-content/uploads/2026/03/MD-Health-Plan-Analysis-Initial-Findings-260302.pdf>