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Senator Pamela Beidle
Chair, Maryland Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 837 – Drugs Reviewed by the Prescription Drug Affordability Board

Dear Chair Beidle:

On behalf of AHIP, I appreciate the opportunity to comment on SB 837, legislation concerning utilization management and coverage of prescription drugs that have been reviewed by the Maryland Prescription Drug Affordability Board (PDAB).

AHIP shares policymakers' commitment to ensuring patients have access to clinically appropriate prescription drugs while addressing the underlying drivers of high drug costs. However, as introduced, SB 837 would broadly restrict established utilization management and formulary practices for PDAB-reviewed drugs, potentially increasing costs to consumers and limiting the ability of health plans and Medicaid managed care organizations to support safe, evidence-based, affordable care. The bill does not address the underlying price of prescription drugs and may instead shift costs to consumers through increased premiums and higher out-of-pocket spending. For these reasons, AHIP respectfully opposes SB 837.

Specifically, the bill would prohibit Medicaid managed care organizations and state regulated health insurers, nonprofit health service plans, and HMOs from using prior authorization or step therapy/fail first protocols, or from limiting, restricting, or excluding coverage—including through cost-sharing or formulary tiering—for prescription drugs reviewed by the PDAB under certain conditions. Because these restrictions apply even when the PDAB has not determined that a drug presents an affordability challenge, has merely issued a policy recommendation, or has established an upper payment limit, they could take effect broadly once a drug enters PDAB review. As drafted, the bill ties these limitations to PDAB review status and related actions, rather than to clinical appropriateness or a clear finding that a drug poses an affordability concern.

Key Concerns:

Broad prohibitions based on PDAB review status are arbitrary. The PDAB is designed to address high prescription drug costs, yet SB 837 would impose sweeping restrictions on utilization management and formulary tools solely based on a drug's PDAB review status – even when the PDAB has not found an affordability concern. Reliance on PDAB review alone, irrespective of the Board's conclusion, is not a sound basis for prohibiting prior authorization, step therapy or fail-first protocols, or for limiting formulary tools. Prior authorization is an important tool used by both public and private payers to ensure patient care follows evidence-based clinical guidelines. It helps reduce patients' exposure to low-value, unsafe, or inappropriate treatments and services, thereby leading to better health outcomes and more affordable care for patients.

Broad prohibitions on utilization management may undermine safe and evidence-based care. Prior authorization and step therapy are used to help ensure medications are used consistently with evidence-based guidelines and each patient's specific clinical circumstances. These tools also help prevent inappropriate or low-value utilization and promote safe prescribing. Tying categorical prohibitions to PDAB review status—rather than clinical appropriateness—restricts the ability to apply targeted safeguards where they are most needed.

Restrictions on core formulary and benefit design tools. Specifically, the bill would limit the ability to adjust cost sharing, tier placement, or formulary status for PDAB-reviewed drugs, subject to limited exceptions. These tools are essential to managing affordability for consumers and purchasers and to encouraging the use of clinically appropriate, high-value therapies.

Additionally, if the PDAB establishes an upper payment limit, plans may seek to benefit consumers by aligning benefit design and formulary administration with the new pricing environment; SB 837 would limit the ability to make cost-sharing, tiering, or formulary adjustments for PDAB-reviewed drugs, creating misalignment between PDAB price actions and related benefit design changes to bring the benefits of such actions to consumers.

Recommendation: AHIP respectfully urges the Committee not to pass SB 837.

AHIP appreciates your consideration and welcomes the opportunity to work with the Committee and stakeholders on solutions that improve patient access while protecting affordability for Maryland families, employers, and taxpayers.

Thank you.

Sincerely,

Keith Lake
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AHIP is the national association whose members provide insurance coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.