

SB839 EPIC Support.pdf

Uploaded by: Caitlin McDonough

Position: FAV



Testimony offered on behalf of:
EPIC PHARMACIES, INC.

IN SUPPORT OF:

**SB 839 – Medical Assistance Programs – Drug Dispensing - Cost-of-Dispensing Survey
and Fee-for Service Professional Dispensing Fee**

Senate Finance Committee

Hearing 3/10/26 at 1:00 PM

EPIC Pharmacies, Inc. **SUPPORTS SB839**– Medical Assistance Programs – Drug Dispensing -
Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee

In 2018, as required by the CMS, Medicaid changed their formula for reimbursing outpatient prescription drugs to an accurate determination of the actual acquisition cost of that medication (National Average Drug Acquisition Cost (NADAC)) plus a dispensing fee that represented the actual costs (both fixed and variable) associated with dispensing that prescription.

Since this process started in 2016, the department of health has analyzed pharmacy dispensing fees twice, initially, and then in 2018. The 2018 cost of dispensing survey's results were put into effect in 2021, when dispensing fees went from \$10.49 per claim to \$10.67 per claim.

Since 2018, pharmacy fixed and variable cost have increased dramatically in every metric, including the cost of inventory, packaging, rents, paper goods, pharmacy supplies, fuel, energy costs, vehicle costs, and wages and professional salaries. The minimum wage went from \$10.10 in 2018 to \$15.00 per hour on 2026.

Pharmacy expenses and costs skyrocketed during the Covid 19 Pandemic from 2020 thru 2023, and unlike other businesses, because of the state of pharmacy reimbursements, pharmacies did not (and still currently do not) have the ability to alter their prices because of increased cost inputs.

This bill mandates a reasonable time period for periodic evaluation of the dispensing fee metric, and a reasonable time for that dispensing fee survey to take effect.

This bill does not affect MCO claims, only the smaller subset of claims that are reimbursed under the Fee-for-Service division of Medicaid.

EPIC Pharmacies thanks the sponsor, Senator Ready for introducing this bill and respectfully requests the Committee's **FAVORABLE SUPPORT FOR SB 839.**

Should the Committee require any additional information, please contact me or Caitlin McDonough, caitlin.mcdonough@mdlobbyist.com at 410-366-1500.

Respectfully,

A handwritten signature in black ink that reads "Steve Wiener, Pharmacist". The signature is written in a cursive style.

Steve Wiener, RPh
EPIC Legislative Committee
Mt. Vernon Pharmacy and Mt. Vernon Pharmacy at Fallsway
mtvernonpharmacy@gmail.com – 410-207-3052

SB 839 Medical Assistance Programs - Drug Dispensi

Uploaded by: Justin Ready

Position: FAV

JUSTIN READY
Legislative District 5
Carroll County

—
MINORITY WHIP
—
Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401
March 10, 2026

SB 839 Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee

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

SB 839 is a straightforward bill that simply mandates that MDH conduct an in-state dispensing survey and regularly conduct those surveys every three years going forward. Additionally, to ensure that the actual fee accurately reflects the underlying data the FFS dispensing fee must be updated to reflect the most recent survey within 6-months.

Talking Points in Support:

- Maryland has not conducted a survey to determine the Medicaid FFS dispensing fee since 2018, which was subsequently implemented by regulation in 2021. We need updated and regular surveys and a clear tie to the FFS fee to accurately reflect practical costs in MD.
- Maryland's current FFS dispensing fee has not kept pace with inflation, labor costs, technology requirements, or regulatory obligations placed on pharmacies. This is especially true since the most recent survey was conducted pre-COVID.
- Independent cost-of-dispensing (COD) studies consistently show that the true cost of dispensing a prescription is significantly higher than Maryland's current reimbursement structure.
- Maryland pharmacists need an accurate reflection of costs in the FFS dispensing fee to help ensure they are appropriately reimbursed and this data is also essential policymakers in both the Legislative and Executive branch to make effective reimbursement decisions.
- This bill does NOT alter current law in any way that ties MCO reimbursement to the FFS fee as seen in other bills in previous years.
- Colorado has a similar mandate for an annual survey, but we believe every 3 years accomplishes the goal with less administrative burden to the Department. Similar bills have been proposed in several states.

- Bill is consistent with other Maryland policies that ensure our workforce, including essential health workers, compensation accurately reflects real world costs.

I respectfully request a favorable on SB 839.

SB839_MACDS_FAV.pdf

Uploaded by: Sarah Price

Position: FAV



MARYLAND ASSOCIATION
OF CHAIN DRUG STORES

171 CONDUIT STREET, ANNAPOLIS, MD 21401 | 410-269-1440

**SB839 Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey
and Fee-for-Service Professional Dispensing Fee
Finance Committee
March 10, 2026**

Position: Favorable

Background: SB839 would require the Maryland Department of Health to conduct the in-State cost-of-dispensing survey at least every 3 years.

Comments: The Maryland Association of Chain Drug Stores (MACDS) strongly supports **SB839 Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee**, which would require the Maryland Department of Health to conduct an in-State cost-of-dispensing survey at least every 3 years. The cost-of-dispensing survey assesses the average cost of dispensing per prescription for medications covered by Medicaid fee-for-service (FFS), and the most recent survey in Maryland was last conducted in 2020.

Just as the cost of living has risen for Marylanders, so too have the costs of operating a business in the state. Community pharmacies have faced increased costs for utilities, labor, required technology, and regulatory compliance, and the fees that are provided for pharmacists dispensing life-saving medications have not kept up with these operating costs. These increasing costs coupled with underpayment for the dispensing and administration of medications and patient support and counseling that pharmacists provide on a daily basis has resulted in the closure of dozens of pharmacies across the state since the last cost-of-dispensing survey.

MACDS has consistently supported efforts to increase payments within the community pharmacy industry, including proposals in recent years to increase dispensing fees and the 2025 establishment of a workgroup to evaluate options for implementing pharmacy benefits manager (PBM) reform in Maryland. The cost-of-dispensing survey required by SB839 would provide actionable data to be used by the Department of Health to set appropriate dispensing fees for Maryland Medicaid prescriptions, and is a simple step that the legislature can take to address the growing problem of pharmacy access in the state.

For these reasons, MACDS would urge a favorable report on SB839. Thank you for your consideration.

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Uploaded by: Meghan Lynch

Position: UNF



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

March 10, 2026

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

RE: Senate Bill 839 - Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee - Letter of Concern

Dear Chair Beidle and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of opposition for Senate Bill (SB) 839 – Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee. Effective in calendar year 2026, SB 839 would require the Department to commit substantial resources to conducting a cost-of-dispensing (COD) survey every three years and to update its fee-for-service dispensing fee based on the survey results within six months.

The Department is concerned that this bill creates a significant unfunded mandate that will have a substantial fiscal impact. To conduct the survey, approximately \$81,000 total funds (TF) (\$40,500 general funds (GF), \$40,500 federal funds (FF)), would be needed every three years. Overseeing this process and submitting regulations to increase the dispensing fees would require the hiring of an additional Health Policy Analyst, who would be compensated at \$72,158 TF (\$36,079 GF/\$36,079 FF). The most significant, but indeterminate cost, would be as a result of adjustments to current dispensing costs based on the COD survey. For example, funding even a \$1 increase to dispensing fees as the result of a survey would cost more than \$5.3 million TF (\$2.65 million GF, \$2.65 million FF) annually.

The Department notes that there are currently no federal requirements regarding how often COD surveys should be done and the Centers for Medicare and Medicaid Services has no requirements mandating that COD surveys be conducted on a specific schedule or timeframe so long as fees meet the general requirements of the Social Security Act (i.e., Section 1902(a)(30)(A)) relating to efficiency, economy, sufficiency and quality of care. Most states do not currently have a requirement to conduct COD surveys at specific intervals and tend to perform COD surveys on an ad hoc basis. Furthermore, not all states with COD survey frequency requirements mandate the automatic adoption of a new professional dispensing fee as a result of the survey findings.

Lastly, the Department is concerned that the requirement to adopt new dispensing fees within six months from the completion of a survey places a substantial administrative burden on the State

and may not be feasible. The last COD survey conducted in Maryland began in June 2018 when the Department's contractor sent the survey to the participating pharmacies. Surveys were accepted through November 2018 and the results were published in January 2020. Maryland adopted new professional dispensing fees approximately one year later in January 2021.

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Governmental Affairs at meghan.lynch@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Meena Seshamani', with a stylized flourish at the end.

Meena Seshamani, M.D., Ph.D.
Secretary of Health