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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 1469
Health Insurance - Specialty Drugs

Good afternoon, Chair Bagnall and honorable members of the committee. Thank you for this opportunity to present HB 1469 **Health Insurance – Specialty Drugs**. This bill seeks to revisit the definition of “specialty drugs” for the purpose of clarifying how these pharmaceuticals are dispensed to assure access and fair cost-sharing.

The “specialty drug” has a specific definition, which demonstrates how these drugs are different from others. In 2014, this body passed a law to describe them in this way in the Maryland Market in §15-847 of the Health Insurance Code:

- is prescribed for an individual with a complex or chronic medical condition or a rare medical condition;
- costs \$600 or more for up to a 30-day supply;
- is not typically stocked at retail pharmacies;
- requires a difficult or unusual process of delivery to the patient in the preparation, handling, storage, inventory, or distribution of the drug; or requires enhanced patient education, management, or support, beyond those required for traditional dispensing, before or after administration of the drug.

In addition, the law authorized insurers to use specialty pharmacy networks to distribute specialty drugs and prohibited insurers from imposing a copayment or coinsurance over \$150 for a 30-day supply of a specialty drug. §15-847(c)(1)

While Pharmacy Benefit Managers (PBMs) have been around since the 1960s, their roles and operations changed dramatically in the 1990s. National pharmacy chains and drug manufacturers began to acquire PBMs, significantly changing their role in the drug pricing chain.

PBMs utilize the current definition of “specialty drug” to dispense them through affiliate and specialty pharmacies, steering patients away from local retail pharmacies. This increases profits for PBMs, which in turn drives costs in commercial and Medicaid markets. The current definition is also outdated and fails to account for modern prescription drug pricing structures. Out-of-pocket costs for Marylanders have increased by thousands since the definition was introduced in 2014.

A new definition of “specialty drug” is needed to distinguish which drugs need the categorization, address the rising costs of prescription drugs, allow for patient choice in trusted local pharmacies, and ensure greater transparency in the drug pricing chain. Thank you for your consideration and I ask for a favorable report.