



DEPARTMENT OF HEALTH

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

March 5, 2026

The Honorable Heather Bagnall
Chair, House Health Committee
241 Taylor House Office Building
Annapolis, MD 21401-1991

RE: House Bill 1384 – Maryland Medical Assistance Program - State Pharmacy Benefits Manager – Letter of Opposition

Dear Chair Bagnall and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of opposition for House Bill (HB) 1384 – Maryland Medical Assistance Program - State Pharmacy Benefits Manager. HB 1384 requires the Department to contract with a single State pharmacy benefits manager (PBM) by July 1, 2028. HealthChoice managed care organizations would be required to use the new PBM for effective January 1, 2029.

Implementation of a single state PBM to administer the Maryland Medical Assistance Program's (Medicaid) pharmacy benefit would have a significant fiscal and operational impact on the Department. Specifically, the Department anticipates an indeterminate but significant fiscal impact attributable to contracting costs, new staff, and other administrative costs. Not only that, but the timing proposed by the legislation is unfeasible given the operational challenges of switching to a single PBM.

The Department notes that the savings realized in other states may not be realized in Maryland, for the following reasons:

- To the extent the bill is intended to align the MCO dispensing fees with the fee-for-service dispensing fees, would cost \$94 million total funds per year (\$47 million GF, \$47 million FF).
- The Department eliminated spread pricing as of January 1, 2021; therefore, no savings would be achieved through this bill provision. This was mandated through the MCO contracts as well.

A single-state PBM is a major shift for Medicaid. Care for participants in Maryland's managed care program, HealthChoice, is managed by nine MCOs. Currently, each of the Department's nine managed care organizations (MCOs) administers the pharmacy benefit for their enrollees. Separately, the Department contracts with a claims processor (point-of-sale system) to administer the fee-for-service pharmacy benefit, including behavioral health drugs HB 1384 would require each MCO to integrate with the Department into a brand new PBM. Each MCO operates

differently and has distinct system-integration needs that may not all be met under a new model. However, the Department does require transparency in drug pricing as a part of the MCO contract.¹

The procurement process also introduces time constraints on the Department. HB 1384 requires the Department to contract with an independent contractor, followed by the state PBM vendor. Oftentimes, this process takes years to complete.

The Department would also like to note that it already engages in significant stakeholder feedback, including providers, through a number of venues to ensure input from the pharmacy provider community.² This includes a multi-stakeholder workgroup chaired by representatives from the Maryland Insurance Administration (MIA) and the Department, to study PBMs, enacted under House Bill 813/Senate Bill 438, enacted in the 2025 Legislative Session, with a final report due to the Legislature by December 31, 2026. While the Department seeks input from stakeholders when allowed, the Department is required to follow certain federal regulations. Therefore, stakeholder input may not be implemented in order to ensure compliance. Additionally, HB 1384 would require the Department to engage with an independent consultant with direct experience with Medicaid fraud control units and who is not engaged with any of the MCOs or the PBMs they work with. These limitations may significantly hamper the Department's ability to find a consultant to support the work; several of the MCOs are nationwide plans that can frequently engage with outside consultants who would be prohibited under the current bill language.

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

Sincerely,



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

¹ Source: [HealthChoice MCO Contract](#), page 30-31.

² For more information, please visit the [Maryland Medicaid Pharmacy Page](#).