

SENATE BILL 871

C3

5lr3037
CF HB 1140

By: **Senator Pugh**

Introduced and read first time: February 27, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Specialty Drugs – Participating Pharmacies**

3 FOR the purpose of altering the conditions under which certain insurers, nonprofit health
4 service plans, or health maintenance organizations may require a covered specialty
5 drug to be obtained through a pharmacy participating in the provider network of the
6 insurer, nonprofit health service plan, or health maintenance organization; altering
7 the definition of “specialty drug”; providing for the application of this Act; providing
8 for a delayed effective date; and generally relating to specialty drugs.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 15–847
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2014 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Insurance**

17 15–847.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) (i) “Complex or chronic medical condition” means a physical,
20 behavioral, or developmental condition that:

21 1. may have no known cure;

22 2. is progressive; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 3. can be debilitating or fatal if left untreated or
2 undertreated.

3 (ii) “Complex or chronic medical condition” includes:

- 4 1. multiple sclerosis;
5 2. hepatitis C; and
6 3. rheumatoid arthritis.

7 (3) “Managed care system” means a system of cost containment methods
8 that an insurer, a nonprofit health service plan, or a health maintenance organization uses
9 to review and preauthorize drugs prescribed by a health care provider for a covered
10 individual to control utilization, quality, and claims.

11 (4) (i) “Rare medical condition” means a disease or condition that
12 affects fewer than:

- 13 1. 200,000 individuals in the United States; or
14 2. approximately 1 in 1,500 individuals worldwide.

15 (ii) “Rare medical condition” includes:

- 16 1. cystic fibrosis;
17 2. hemophilia; and
18 3. multiple myeloma.

19 (5) “Specialty drug” means a prescription drug that:

20 (i) is prescribed for an individual with a complex or chronic medical
21 condition or a rare medical condition;

22 (ii) costs \$600 or more for up to a 30-day supply;

23 [(iii) is not typically stocked at retail pharmacies;] and

24 [(iv)] (III) AS DOCUMENTED BY THE MANUFACTURER OF THE
25 PRESCRIPTION DRUG:

26 1. requires a difficult or unusual process of delivery to the
27 patient in the preparation, handling, storage, inventory, or distribution of the drug; or

1 2. requires enhanced patient education, management, or
2 support, beyond those required for traditional dispensing, before or after administration of
3 the drug.

4 (b) This section applies to:

5 (1) insurers and nonprofit health service plans that provide coverage for
6 prescription drugs under individual, group, or blanket health insurance policies or
7 contracts that are issued or delivered in the State; and

8 (2) health maintenance organizations that provide coverage for
9 prescription drugs under individual or group contracts that are issued or delivered in the
10 State.

11 (c) (1) Subject to paragraph (2) of this subsection, an entity subject to this
12 section may not impose a copayment or coinsurance requirement on a covered specialty
13 drug that exceeds \$150 for up to a 30-day supply of the specialty drug.

14 (2) On July 1 of each year, the limit on the copayment or coinsurance
15 requirement on a covered specialty drug shall increase by a percentage equal to the
16 percentage change from the preceding year in the medical care component of the March
17 Consumer Price Index for All Urban Consumers, Washington-Baltimore, from the U.S.
18 Department of Labor, Bureau of Labor Statistics.

19 (d) Subject to § 15-805 of this subtitle and notwithstanding § 15-806 of this
20 subtitle, nothing in this article or regulations adopted under this article precludes an entity
21 subject to this section from requiring a covered specialty drug to be obtained through:

22 (1) a designated pharmacy or other source authorized under the Health
23 Occupations Article to dispense or administer prescription drugs; or

24 (2) a pharmacy participating in the entity's provider network, if [the entity
25 determines that] the pharmacy:

26 (i) [meets the entity's performance standards] **IS LICENSED;**

27 **(II) HAS IN INVENTORY OR IS ABLE TO OBTAIN THE COVERED**
28 **SPECIALTY DRUG;** and

29 [(ii)] **(III)** accepts the entity's network reimbursement rates.

30 (e) (1) A pharmacy registered under § 340B of the federal Public Health
31 Services Act may apply to an entity subject to this section to be a designated pharmacy
32 under subsection (d)(1) of this section for the purpose of enabling the pharmacy's patients
33 with HIV, AIDS, or hepatitis C to receive the copayment or coinsurance maximum provided
34 for in subsection (c) of this section if:

1 (i) the pharmacy is owned by a federally qualified health center, as
2 defined in 42 U.S.C. § 254B;

3 (ii) the federally qualified health center provides integrated and
4 coordinated medical and pharmaceutical services to HIV positive, AIDS, and hepatitis C
5 patients; and

6 (iii) the prescription drugs are covered specialty drugs for the
7 treatment of HIV, AIDS, or hepatitis C.

8 (2) An entity subject to this section may not unreasonably withhold
9 approval of a pharmacy's application under paragraph (1) of this subsection.

10 (f) An entity subject to this section may provide coverage for specialty drugs
11 through a managed care system.

12 (g) (1) A determination by an entity subject to this section that a prescription
13 drug is not a specialty drug is considered a coverage decision under § 15–10D–01 of this
14 title.

15 (2) For complaints filed with the Commissioner under this subsection, if
16 the entity made its determination that a prescription drug is not a specialty drug on the
17 basis that the prescription drug did not meet the criteria listed in subsection (a)(5)(i) of this
18 section:

19 (i) the Commissioner may seek advice from an independent review
20 organization or medical expert on the list compiled under § 15–10A–05(b) of this title; and

21 (ii) the expenses for any advice provided by an independent review
22 organization or medical expert shall be paid for as provided under § 15–10A–05(h) of this
23 title.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
25 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or
26 after January 1, 2016.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 January 1, 2016.