

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 898

(Senator Astle, *et al.*)

Finance

Health and Government Operations

Health Insurance - Prescription Drugs - Dispensing Synchronization

This bill requires insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) that provide coverage for prescription drugs, including coverage provided through a pharmacy benefits manager (PBM), to allow and apply a prorated daily copayment or coinsurance amount for a partial supply of a prescription drug dispensed by an in-network pharmacy. However, this requirement only applies if (1) the prescriber or pharmacist determines dispensing a partial supply to be in the best interest of the member; (2) the prescription is anticipated to be required for more than three months; (3) the member requests or agrees to a partial supply to synchronize the dispensing of the member's prescription drugs; (4) the prescription is not a Schedule II controlled dangerous substance; and (5) the supply and dispensing of the drug meet specified prior authorization and utilization management requirements.

The bill takes effect January 1, 2019, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.

Fiscal Summary

State Effect: Minimal increase in special fund revenues from the Maryland Insurance Administration (MIA) in FY 2019 only from the \$125 rate and form filing fee. No effect on the State Employee and Retiree Health and Welfare Benefits Program.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: “In-network pharmacy” means a pharmacy that is among the participating providers with which a carrier contracts to provide health care services to members.

Otherwise, the following prohibitions and requirements apply. A carrier may not deny payment of benefits to an in-network pharmacy for a covered prescription drug solely on the basis that only a partial supply of the prescription drug was dispensed. A carrier must allow an in-network pharmacy to override any denial codes indicating that a prescription is being refilled too soon. A carrier may not use a payment structure that incorporates prorated dispensing fees for dispensing a partial supply of a prescription drug. A carrier must pay an in-network pharmacy a full dispensing fee for dispensing a partial supply of a prescription drug regardless of (1) any prorated copayment or coinsurance amount charged to a member or (2) any fee paid to the pharmacy for synchronizing a member’s prescription.

Current Law/Background: PBMs are businesses that administer and manage prescription drug benefit plans for purchasers. PBMs must register with MIA prior to providing pharmacy benefits management services. An applicant for registration as a PBM must submit an application and pay a registration fee, and the Insurance Commissioner must register each applicant that meets specified requirements. The registration is effective for two years and may be renewed for an additional two years under specified circumstances. The Insurance Commissioner is authorized to examine the affairs, transactions, accounts, and records of a registered PBM at the PBM’s expense.

Prescription refill synchronization is the process of refilling multiple prescription medications on the same day of the month, so that patients can more easily manage multiple medications. A “short fill” or partial fill is often needed to align the patient’s medications to a single refill date. According to the National Community Pharmacists Association, many payers do not have payment policies in place to provide coverage for a claim for less than the full 30-day supply written. Therefore, patients must pay a full month’s copayment or coinsurance for a month’s supply of some medications, even for a few days’ supply when trying to synchronize their medications to one refill date.

Medicare Part D sponsors are required to apply a daily cost-sharing rate to most prescriptions dispensed for less than a 30-day supply. According to the American Pharmacists Association Foundation, more than 23 pharmacy chains and approximately 2,000 independent pharmacies have implemented medication synchronization programs. An increasing number of states have proposed or passed related legislation, such as requiring insurers to prorate copayments for partial refills. As of February 2017, 19 states allow pharmacists to use override codes for medication synchronization purposes if the PBM or carrier indicates that a prescription is being refilled too soon.

A recent retrospective study of Medicare Part D enrollees taking multiple medications concluded that synchronized medication refill schedules were associated with better medication adherence, particularly for patients filling prescriptions for maintenance medications exclusively at retail pharmacies.

Additional Information

Prior Introductions: None.

Cross File: HB 1147 (Delegate Morales, *et al.*) - Health and Government Operations.

Information Source(s): American Pharmacists Association Foundation; “Synchronized Prescription Refills and Medication Adherence: A Retrospective Claims Analysis,” *American Journal of Managed Care*, February 2017; National Community Pharmacists Association; Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510