

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 1307

(Delegate Kipke, *et al.*)

Health and Government Operations

Finance

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Pharmacy Benefits Managers – Credentialing and Reimbursement

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This bill establishes protections for pharmacies and pharmacists that participate in a pharmacy benefits manager’s (PBM) or purchaser’s network. **The bill takes effect January 1, 2021, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

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Fiscal Summary

**State Effect:** The Maryland Insurance Administration (MIA) requires contractual support to review revised PBM contracts in FY 2021 only. As there are no fees associated with filing contracts, revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** Meaningful.

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Analysis

**Bill Summary:** The bill prohibits a PBM or purchaser from, as a condition of participating in a PBM’s or purchaser’s network, requiring a pharmacy or pharmacist to renew credentialing more frequently than once every three years or charging a pharmacy or pharmacist a fee for initial credentialing or to renew credentialing. This prohibition does not apply to a requirement that a specialty pharmacy obtain national certification to be considered a specialty pharmacy. A PBM or purchaser may not directly or indirectly charge a contracted pharmacy, or hold a contracted pharmacy responsible for, a fee or performance-based reimbursement related to the adjudication of a claim or an incentive

program, regardless of whether it is specifically enumerated at the time of claim processing or reported on the initial remittance advice. A PBM or purchaser may not make or allow any reduction in payment for pharmacy services or directly or indirectly reduce a payment for a pharmacy service under a reconciliation process to an effective rate or reimbursement, including generic effective rates, brand effective rates, direct and indirect remuneration fees, or any other reduction or aggregate reduction of payments.

**Current Law:** A PBM is a business that administers and manages prescription drug benefit plans for purchasers. A PBM must register with MIA prior to providing pharmacy benefits management services. The Insurance Commissioner is authorized to examine the affairs, transactions, accounts, and records of a registered PBM at the PBM's expense.

**Small Business Effect:** Small business pharmacies and pharmacists, among other things, may not be required to renew their credentialing more than once every three years or pay a fee for credentialing and may not receive reductions in payment for pharmacy services under a reconciliation process under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 1017 (Senator Reilly) - Finance.

**Information Source(s):** National Community Pharmacists Association; Department of Budget and Management; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:**  
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First Reader - February 26, 2020

Third Reader - March 16, 2020

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