

HOUSE BILL 603

C3

1lr1578

By: **Delegate Kipke**

Introduced and read first time: January 20, 2021

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Pharmacy Benefits Managers – Explanation of Benefits**
3 **Statements**

4 FOR the purpose of requiring pharmacy benefits managers to provide to certain
5 beneficiaries on a quarterly basis an explanation of benefits statement on a form
6 approved by the Maryland Insurance Commissioner; requiring that the explanation
7 of benefits statements contain certain information regarding certain claims for
8 prescription drugs; providing for the application of this Act; providing for a delayed
9 effective date; and generally relating to pharmacy benefits managers and
10 explanation of benefits statements.

11 BY repealing and reenacting, without amendments,
12 Article – Insurance
13 Section 15–1601(a), (c), (l), (m), and (o)
14 Annotated Code of Maryland
15 (2017 Replacement Volume and 2020 Supplement)

16 BY adding to
17 Article – Insurance
18 Section 15–1604.1
19 Annotated Code of Maryland
20 (2017 Replacement Volume and 2020 Supplement)

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

23 **Article – Insurance**

24 15–1601.

25 (a) In this subtitle the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) "Beneficiary" means an individual who receives prescription drug coverage or
2 benefits from a purchaser.

3 (l) (1) "Pharmacy benefits management services" means:

4 (i) the procurement of prescription drugs at a negotiated rate for
5 dispensation within the State to beneficiaries;

6 (ii) the administration or management of prescription drug coverage
7 provided by a purchaser for beneficiaries; and

8 (iii) any of the following services provided with regard to the
9 administration of prescription drug coverage:

10 1. mail service pharmacy;

11 2. claims processing, retail network management, and
12 payment of claims to pharmacies for prescription drugs dispensed to beneficiaries;

13 3. clinical formulary development and management services;

14 4. rebate contracting and administration;

15 5. patient compliance, therapeutic intervention, and generic
16 substitution programs; or

17 6. disease management programs.

18 (2) "Pharmacy benefits management services" does not include any service
19 provided by a nonprofit health maintenance organization that operates as a group model,
20 provided that the service:

21 (i) is provided solely to a member of the nonprofit health
22 maintenance organization; and

23 (ii) is furnished through the internal pharmacy operations of the
24 nonprofit health maintenance organization.

25 (m) "Pharmacy benefits manager" means a person that performs pharmacy
26 benefits management services.

27 (o) (1) "Purchaser" means the State Employee and Retiree Health and Welfare
28 Benefits Program, an insurer, a nonprofit health service plan, or a health maintenance
29 organization that:

30 (i) provides prescription drug coverage or benefits in the State; and

1 (ii) enters into an agreement with a pharmacy benefits manager for
2 the provision of pharmacy benefits management services.

3 (2) "Purchaser" does not include a person that provides prescription drug
4 coverage or benefits through plans subject to ERISA and does not provide prescription drug
5 coverage or benefits through insurance, unless the person is a multiple employer welfare
6 arrangement as defined in § 514(b)(6)(a)(ii) of ERISA.

7 **15-1604.1.**

8 (A) ON A QUARTERLY BASIS, A PHARMACY BENEFITS MANAGER SHALL
9 PROVIDE AN EXPLANATION OF BENEFITS STATEMENT, ON A FORM APPROVED BY
10 THE COMMISSIONER, TO EACH BENEFICIARY FOR WHOM THE PHARMACY BENEFITS
11 MANAGER PROCESSED OR PAID A CLAIM FOR PRESCRIPTION DRUGS DURING THE
12 IMMEDIATELY PRECEDING 3-MONTH PERIOD.

13 (B) AN EXPLANATION OF BENEFITS STATEMENT PROVIDED TO A
14 BENEFICIARY IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION SHALL
15 ACCURATELY AND CLEARLY SET FORTH THE FOLLOWING, WITH RESPECT TO EACH
16 CLAIM FOR PRESCRIPTION DRUGS THE PHARMACY BENEFITS MANAGER PROCESSED
17 OR PAID FOR THE BENEFICIARY:

18 (1) THE COPAYMENT OR OTHER COST-SHARING AMOUNT PAID BY THE
19 BENEFICIARY;

20 (2) THE AMOUNT OF THE PAYMENT, REIMBURSEMENT, OR OTHER
21 DISBURSEMENT MADE TO THE DISPENSING PHARMACY BY THE PHARMACY
22 BENEFITS MANAGER;

23 (3) THE AMOUNT BILLED BY THE PHARMACY BENEFITS MANAGER TO
24 THE PURCHASER; AND

25 (4) OTHER INFORMATION THAT THE COMMISSIONER REQUIRES BY
26 REGULATION TO ENSURE THAT THE EXPLANATION OF BENEFITS STATEMENT
27 PROVIDES THE BENEFICIARY WITH ACCURATE AND CLEAR INFORMATION
28 REGARDING THE PROCESSING AND REIMBURSEMENT OF CLAIMS BY A PHARMACY
29 BENEFITS MANAGER.

30 (C) THIS SECTION DOES NOT AFFECT THE EXPLANATION OF BENEFITS
31 REQUIREMENTS UNDER § 15-1007 OF THIS TITLE.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
33 policies or contracts issued, delivered, or renewed in the State on or after January 1, 2022.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 January 1, 2022.