

HOUSE BILL 1275

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By: **Delegate Kipke**

Introduced and read first time: February 11, 2022

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Pharmacy Benefits Managers – Contracts With Pharmacy Services**
3 **Administrative Organizations**

4 FOR the purpose of requiring a pharmacy benefits manager to make certain disclosures to
5 a pharmacy services administrative organization at the time of entering into a
6 contract and within a certain number of working days before a contract change;
7 prohibiting a contract form or an amendment to a contract form between a pharmacy
8 benefits manager and a pharmacy services administrative organization from
9 becoming effective except under certain circumstances; prohibiting a pharmacy
10 benefits manager from entering into an agreement with a pharmacy services
11 administrative organization that allows a reduction in payment under a certain
12 reconciliation process; and generally relating to contracts between pharmacy
13 benefits managers and pharmacy services administrative organizations.

14 BY repealing and reenacting, with amendments,
15 Article – Insurance
16 Section 15–1628 and 15–1628.3
17 Annotated Code of Maryland
18 (2017 Replacement Volume and 2021 Supplement)

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

21 **Article – Insurance**

22 15–1628.

23 (a) (1) At the time of entering into a contract with a pharmacy [or a],
24 pharmacist, **OR PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION ACTING ON**
25 **BEHALF OF A PHARMACY OR PHARMACIST** and at least 30 working days before any

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 contract change, a pharmacy benefits manager shall disclose to the pharmacy [or],
2 pharmacist, **OR PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION ACTING ON**
3 **BEHALF OF A PHARMACY OR PHARMACIST:**

4 (i) the applicable terms, conditions, and reimbursement rates;

5 (ii) the process and procedures for verifying pharmacy benefits and
6 beneficiary eligibility;

7 (iii) the dispute resolution and audit appeals process; and

8 (iv) the process and procedures for verifying the prescription drugs
9 included on the formularies used by the pharmacy benefits manager.

10 (2) (i) This paragraph does not apply to a requirement that a specialty
11 pharmacy obtain national certification to be considered a specialty pharmacy in a pharmacy
12 benefits manager's or carrier's network.

13 (ii) For purposes of credentialing a pharmacy or a pharmacist as a
14 condition for participating in a pharmacy benefits manager's network for a carrier, the
15 pharmacy benefits manager may not:

16 1. require a pharmacy or pharmacist to renew credentialing
17 more frequently than once every 3 years; or

18 2. charge a pharmacy or pharmacist a fee for the initial
19 credentialing or renewing credentialing.

20 (b) (1) Each contract form or an amendment to a contract form between a
21 pharmacy benefits manager and a pharmacy, **PHARMACIST, OR PHARMACY SERVICES**
22 **ADMINISTRATIVE ORGANIZATION ACTING ON BEHALF OF A PHARMACY OR**
23 **PHARMACIST** may not become effective unless at least 30 days before the contract form or
24 amendment to the contract form is to become effective, the pharmacy benefits manager files
25 an informational filing with the Commissioner in the manner required by the
26 Commissioner that includes a copy of the contract form or amendment to the contract form.

27 (2) The Commissioner is not required to review the informational filing to
28 evaluate whether a contract form or amendment to a contract form is in violation of this
29 subtitle at the time the informational filing is made.

30 (3) The Commissioner may review and disapprove a contract form or
31 amendment to a contract form at any time after the contract form or amendment to the
32 contract form has been submitted as part of an informational filing.

33 15-1628.3.

1 (a) A pharmacy benefits manager or a carrier may not directly or indirectly
2 charge a contracted pharmacy, or hold a contracted pharmacy responsible for, a fee or
3 performance-based reimbursement related to the adjudication of a claim or an incentive
4 program.

5 (b) A pharmacy benefits manager or carrier may not make or allow any reduction
6 in payment for pharmacy services by a pharmacy benefits manager or carrier or directly or
7 indirectly reduce a payment for a pharmacy service under a reconciliation process to an
8 effective rate of reimbursement, including generic effective rates, brand effective rates,
9 direct and indirect remuneration fees, or any other reduction or aggregate reduction of
10 payments.

11 **(C) A PHARMACY BENEFITS MANAGER MAY NOT ENTER INTO AN**
12 **AGREEMENT WITH A PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION THAT**
13 **ALLOWS A REDUCTION IN PAYMENT FOR PHARMACY SERVICES UNDER A**
14 **RECONCILIATION PROCESS TO AN EFFECTIVE RATE OF REIMBURSEMENT,**
15 **INCLUDING GENERIC EFFECTIVE RATES, BRAND EFFECTIVE RATES, DIRECT AND**
16 **INDIRECT REMUNERATION FEES, OR ANY OTHER REDUCTION OR AGGREGATE**
17 **REDUCTION OF PAYMENTS.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2022.