



MARYLAND CITIZENS' HEALTH INITIATIVE

TESTIMONY IN FAVOR OF SENATE BILL 669
BEFORE THE SENATE FINANCE COMMITTEE

By Vincent DeMarco, President of the Maryland Citizens' Health Initiative, Inc.
March 4, 2020

Madam Chair, Mr. Vice-Chair and Members of the Finance Committee, thank you for this opportunity to testify in support of Senate Bill 669, a measure to provide permanent funding for the Prescription Drug Affordability Board you enacted into law during the 2019 Session. We strongly urge the Committee to give a favorable report to SB 669.

Thanks to your leadership, last year Maryland became the first state in the nation to create a Prescription Drug Affordability Board charged with making high cost prescription drugs more affordable for Marylanders. Since you acted, legislators and advocates in over a dozen other states have asked us to help them replicate this success. We have been traveling all across the country spreading the word about your great work.

We are very pleased with the membership of Maryland's Prescription Drug Affordability Board. The Board Chair, Van Mitchell, is uniquely qualified for this role and has been doing a great job in getting the Board started. But, as you recognized in last year's legislation, the Board needs a permanent funding mechanism to do its work well and to maintain its independence. We believe that SB 669 which the Board has proposed is an excellent way to give the Board the authority it needs to fund its work. We urge your support for SB 669.



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Summary of the Prescription Drug Affordability Board Funding Legislation (SB669/HB1095)

Why is this legislation needed?

In 2019 the Maryland General Assembly passed legislation to create the nation's first Prescription Drug Affordability Board. The Board is an independent body tasked with looking at high cost prescription drugs that greatly impact Marylanders and our state and local budgets and recommending and implementing appropriate methods for addressing these costs.

To begin its work, the Board was granted a loan of \$750,000 from the Maryland Health Care Commission's Special Funds with the requirement that the Board determines and submits a recommendation for a permanent funding source to the state legislature. Senate Bill 669 (SB669) & House Bill 1095 (HB1095) establish a funding mechanism that would cover the administrative expenses of the Board and would also repay the initial loan over a three-year period.

How would the Board be funded under the legislation?

SB 669/HB 1095 provide that the Board would be funded through assessments on members of the pharmaceutical supply chain that participate in the Maryland market. The new legislation would take effect on June 1, 2020, and beginning on October 1, 2020, the Board would collect an annual fee from the following entities:

- Prescription drug manufacturers;
- Pharmacy benefits managers (PBMs);
- Carriers (insurers);
- Wholesale distributors of prescription drugs; and
- Any other entity identified in regulations adopted by the Board.

The total amount of fees that the Board would collect cannot exceed \$2 million per calendar year. These fees would be placed in the Prescription Drug Affordability Fund that can only be used to provide funding to the Board and its activities. The Board estimates that for now approximately 1,400 entities would be assessed up to \$1,000 per year for up to \$1.4 million in total, ensuring that fees are not onerous. These estimates were discussed at a meeting of the Prescription Drug Affordability Board and are not included in the proposed funding legislation.