

March 23, 2023

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
Room 241, House Office Building
6 Bladen St. Annapolis, MD 21401

Re: Letter of Information – SB 202 – Prescription Drug Affordability Board – Upper Payment Limits

Dear Chair Peña-Melnyk and Members of the House Health and Government Operations Committee:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of information for Senate Bill (SB) 202 – Prescription Drug Affordability Board – Upper Payment Limits. SB 202 reestablishes the authority for the Prescription Drug Affordability Board to set upper payment limits for prescription drug products purchased through state or local government entities, plans, or programs that it determines pose an affordability challenge to consumers. The bill also requires the Board to submit a report to the General Assembly with recommendations on whether to expand their authority to set upper payment limits to all purchasers and payor reimbursements of prescription drug products in the State.

MHBE supports state-wide efforts to address high costs of prescription drug products and health care costs generally and would also like to address the potential impact reigning in high costs of certain prescription drugs would have on lowering commercial health insurance premiums. A recent report from the Maryland Health Care Commission cited prescription drugs accounted for almost a third (**29.7 percent**) of total per capita spending for privately insured markets in Maryland in 2020. The report also found a **7.2 percent** increase in per capita spending on prescription drug products between 2019 and 2020, largely accounted for by increased unit cost of products.¹ Lower prices for higher-cost prescription drugs could reduce commercial insurers' per capita spending, putting downward pressure on average monthly premiums, along with out-of-pocket drug costs for consumers.

While difficult to estimate, lowering certain prescription drug costs would also potentially decrease costs associated with the State's Reinsurance Program, which works to mitigate the impact of high-cost enrollees on premium rate increases in the individual market. Specifically, lower prescription drug costs could reduce the number of individuals whose annual costs exceed the threshold at which reinsurance payments made by the State to an individual's insurer kicks in (\$18,500 for plan year 2023).²

For further discussions or questions on SB 202, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

¹ Maryland Health Care Commission: [Spending and Use Among Maryland's Privately Insured Report, 2020](#) (2022).

² Maryland Health Benefit Exchange: [Joint Chairmen's Report – Reinsurance Program Costs and Forecast](#) (2022).

Sincerely,



Michele Eberle
Executive
Director