



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES



MARYLAND ASSOCIATION  
OF CHAIN DRUG STORES

**NACDS and MACDS Testimony to the Maryland General Assembly House Health and Government Operations  
Committee**

Thursday, February 29, 2024

**Support HB 880 and HB 726 – Strengthening Maryland’s Laws that Protect Against Abusive PBM Practices**

Chair Pena-Melnyk and members of the Health and Government Operations Committee, thank you for the opportunity to testify in support of HB 880 and HB 726. Delegates Johnson, Johnson and Kipke, thank you for sponsoring these important bills that strengthen Maryland’s laws for pharmacy benefit managers (PBMs) – the companies that manage prescription benefits on behalf of health plans – by helping to curb unfair and questionable business practices that enrich PBMs at the expense of patients and their pharmacies.

**Importantly, HB 880 helps to support fair and adequate pharmacy reimbursement rates that will help to sustain patient access to pharmacy care at neighborhood pharmacies.** Specifically, the language of the bill would require that for PBMs contracting with Medicaid managed care organizations to manage the pharmacy benefit for Medical Assistance recipients, those PBMs must reimburse pharmacy providers for covered drugs in an amount that is at least equal to the cost-based reimbursement methodology that applies to covered drugs in the Medicaid fee-for-service program. As the Medicaid fee-for-service pharmacy reimbursement methodology is designed to cover retail pharmacies’ costs of purchasing and then dispensing covered drugs to beneficiaries, applying this reimbursement rate floor across the board will help to ensure that Medicaid pharmacy providers are not reimbursed at rates that are below the costs they incur when purchasing and then dispensing covered drugs to Medicaid beneficiaries covered under Medicaid managed care plans.

The effects of PBMs reimbursing pharmacy providers at inadequate reimbursement rates have been widely reported. Throughout Maryland, neighborhood pharmacies – chains and independents alike – are experiencing the financial stress of below-cost reimbursement that threatens their long-term viability, and ultimately, patient access to care. In establishing a cost-based pharmacy reimbursement rate floor, HB 880 will help to prevent PBMs from establishing pharmacy reimbursement rates for drugs covered under Medicaid managed care plans that are below the fee-for-service rates and pocketing the difference to the detriment of Maryland pharmacy providers and their patients.

**HB 726 will further enhance Maryland’s existing protections against questionable PBM business practices by broadening the applicability of Maryland’s existing PBM laws for commercial plans.** In recent years, Maryland lawmakers have enacted various PBM reforms that serve to protect patients and pharmacy providers from certain abusive PBM business practices. These reforms include patient protections that prevent PBMs from requiring

beneficiaries to use a pharmacy owned by the PBM (rather than a pharmacy of a beneficiary’s choice) to fill certain prescriptions; prohibiting PBMs from reimbursing certain nonaffiliated pharmacy providers in an amount that is less than what the PBM reimburses an affiliated pharmacy for the same product; and standards for audits conducted by PBMs against pharmacy providers that help to prevent PBMs from engaging in audit practices that penalize pharmacy providers for clerical or administrative issues on claims for covered medications that otherwise are payable.

By broadening the applicability of these existing PBM laws, HB 726 would further help to protect patients and pharmacy providers from abusive PBM business practices that can jeopardize the sustainability of providing pharmacy services and patient access to care.

**In conclusion.** With 90 percent of Americans living within 5 miles of a pharmacy, and 86 percent of adults in Maryland saying pharmacists are easy to access<sup>i</sup>, both HB 880 and HB 726 will help to ensure Maryland’s families have sustained access to pharmacy care at their neighborhood pharmacies. The public relies on neighborhood pharmacies for access to important healthcare services like health screenings, disease management, vaccinations, testing services, and patient counseling, as well as essential medication access. PBMs shape patients’ access to this type of care at their local pharmacies. Putting an end to PBM abuse is good for patients and will protect neighborhood pharmacies. **For all of these reasons, NACDS and its members urge Maryland lawmakers to advance HB 880 and to advance HB 726.**

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<sup>i</sup> <https://www.nacds.org/pdfs/Opinion-Research/NACDS-OpinionResearch-Maryland.pdf>