



House Bill 726

Pharmacy Benefits Managers - Definition of Purchaser and Alteration of Application of Law

MACo Position: **OPPOSE**

To: Health and Government Operations
Committee

Date: February 29, 2024

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** HB 726. This bill seeks to limit the tools Pharmacy Benefits Managers (PBMs) can use to negotiate pharmaceutical prices on behalf of their clients, including county governments. Doing so would greatly disrupt counties' ability to provide county staff with the best and most fiscally responsible benefits for their public service.

The bill would do so in several ways, including by restricting the abilities to design all aspects of benefits plans, to have full management over contracting with vendors to provide benefits, and to create the checks and balances employers deem necessary to protect staff and their financial contributions to the plan. In practice, HB 726 would substantially limit, if not negate, PBMs' ability to leverage certain cost-saving tools critical to negotiating the best and fairest prescription drug prices for counties and our staff, like requiring 90-day supplies of certain drugs or requiring mail orders to fill certain prescriptions.

Counties employ and fund thousands of workers across the state as county staff, first responders, correctional employees, and school staff. Providing benefits for large numbers of employees is something counties take very seriously. This is accomplished through well-established negotiations, consultants, benefit managers, Requests for Proposals, and more. The State has not been a part of this work and should not be; however, under HB 726, the State would do just that, with detrimental financial impacts to counties and the thousands they employ.

Ultimately, HB 726 would not only restrain counties' ability to provide comprehensive health benefits but also increase co-pays and overall plan costs for county staff – who are Marylanders serving their communities. It is no secret that local governments cannot compete with the salaries offered by the private sector. However, counties can and do offer excellent benefits to staff at low or no cost. By disrupting the abilities of PBMs to negotiate fair prices on behalf of employers, HB 726 would greatly undermine counties' ability to continue to do so. For these reasons, MACo **OPPOSES** HB 726 and urges an **UNFAVORABLE** report.