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September 17, 2025

Mary Kwei
Co-Chair, Pharmacy Benefits Managers Workgroup
Maryland Insurance Administration

Athos Alexandrou
Co-Chair, Pharmacy Benefits Managers Workgroup
Maryland Department of Health

Re: Workgroup meeting #2: ERISA exemptions for PBM regulation

Dear Co-Chairs Kwei and Alexandrou:

The League of Life and Health Insurers of Maryland, Inc. respectfully submitted similar comments on *House Bill 321 -- Pharmacy Benefits Managers – Definition of Purchaser and Alteration of Application of Law* to the House Health & Government Operations as well as the Senate Finance Committees during the 2025 Maryland General Assembly Session. The comments are certainly appropriate for the continued conversation within the interim PBM workgroup on the topic.

Health insurance should be simple, effective, and affordable. Patients and employers should not have to navigate complex regulations to get the care they need at a cost they can afford. The League supports a single, cost-saving national standard of regulation for self-funded employer-provided coverage, ensuring more affordable coverage for all, that is easier to understand. A 50-state patchwork of complicated and inconsistent mandates for employer-provided coverage will cause more confusion and make coverage more expensive for Maryland's employers and employees.

For decades, state laws related to state health plans, including all prescription drug benefits, have only been applied to fully insured health plans subject to regulation by the Maryland Insurance Administration (MIA), and not plans exempted by the federal ERISA law.

We understand the Supreme Court Rutledge decision changed that landscape, but the subsequent *Mulready* challenge has swung the pendulum back towards status quo. It also doesn't change the fact that the proponents are trying to mandate changes to plan design, which carriers are fundamentally opposed to as it is not the carrier decision – the structure of the benefits are designed solely by the plan sponsor.

By extending the provisions of prior PBM law structure to self-insured plans these proposals would restrict the opportunity for health plans to reduce their prescription drug costs. This will also come as a surprise to a ton of these businesses as they will most likely have zero clue these discussions are taking place – they will see extreme sticker shock if this bill moves forward.

The League thinks that the intent of extending ERISA provisions misses where the financial burden ultimately lands, which is employers trying to provide coverage at affordable levels to their employees, who will ultimately bear the burden of this legislation. Contrary to what might have been shared with the workgroup, the introduced House Bill 321 from the 2025 Session does nothing to address the exploding price of prescription drugs and only adds costs to the health care system which will manifest itself in higher premiums for Marylanders.

The single, cost-saving national standard of regulation for ERISA coverage gives employers the option to assume financial risk and allows employers to choose specifically tailored and uniform benefits for their employees regardless of where they live. This ensures more affordable coverage that is easier to administer and understand. To circumvent this stability would be problematic and costly at best and we urge the workgroup to reject the premise

We appreciate your consideration of our comment and are always available to have continued conversation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Matt Celentano", with a long horizontal flourish extending to the right.

Matthew Celentano
Executive Director