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Pharmacy Benefits Managers Workgroup

Meeting #5

Tuesday, September 22, 2026

Co-Chairs: Mary Kwei, MIA, Associate Commissioner, Market Regulation and Professional Licensing
Athos Alexandrou, MDH, Director, Office of Pharmacy Services

Workgroup Members

Entity Required to be Represented	Representative Name	Representative's Organization
community pharmacies - chain setting	Jill McCormack	National Association of Chain Drug Stores
community pharmacies - independent setting	Steve Wienner	Mt. Vernon Pharmacy
pharmacy services administrative organizations	Brian Hose	EPIC Pharmacy Network
health insurance carriers	Kim Robinson	CareFirst
plan sponsor representatives	Beverly Churchill	Queen Anne's County
drug wholesalers and distributors	Juan Carlos Payero (NEW)	Healthcare Distribution Alliance
non–pharmacy benefit manager–owned mail order pharmacies	Scott Glasscock	Walmart

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Workgroup Members

Entity Required to be Represented	Representative Name	Representative's Organization
brand name drug manufacturers	Jay Eberle	AstraZeneca
generic drug manufacturers	VACANT	
pharmacists	Aliyah Horton	Maryland Pharmacists Association
pharmacy benefit managers	Heather Cascone	PCMA
third party experts in the field of drug pricing in Medicaid	Allan Hansen	Myers and Stauffer
managed care organizations	Meredith Fleming	WellPoint
Maryland Board of Pharmacy (*not a required entity)	Deena Speights-Napata	Maryland Board of Pharmacy

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Today's Discussion

I. Continued Overview of Charge #2, Pharmacy Reimbursement
   A. Athos Alexandrou, MDH, Director, Office of Pharmacy Services
   B. Laura Spicer, The Hilltop Institute at UMBC
II. Continued Topics for Group Discussion
III. Potential Policy Recommendations and Conclusions
   A. Athos Alexandrou, MDH, Director, Office of Pharmacy Services
   B. Mary Kwei, MIA, Associate Commissioner, Market Regulation and Professional Licensing
IV. Comments from Workgroup Members
V. Comments from Public Stakeholders, as time allows
VI. Closing Remarks

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Continued Discussion of HB 813 Charge #2 – Pharmacy Reimbursement

Presented by Athos Alexandrou, Maryland Medicaid and The Hilltop Institute at UMBC

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HB 813 Charge #2

"(2) review reimbursement for pharmacists, including:

(i) existing Maryland Medical Assistance Program requirements for pharmacy benefits managers and managed care organizations related to dispensing fee reimbursement, pharmacy benefits managers fees charged to pharmacies and the Maryland Medical Assistance Program, transparency in pricing and reimbursement data, specialty drug designations, and appeals processes;

(ii) how other states' pharmacy benefits services operate in Medicaid, including in Ohio, Kentucky, New York, California, and West Virginia;

(iii) measures that offset the Department's costs to fund the Medicaid Managed Care Program and adopt NADAC plus the Fee–for–Service Professional Dispensing, including:

1. savings associated with NADAC ingredient cost pricing and managed care organizations; and

2. pharmacy benefits managers administrative fee consolidation and rebate allocations; and

(iv) strategies for adopting pharmacy reimbursement parity and drug pricing transparency"

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Overview of Other States' Pharmacy Benefits Services

Comparative approaches in Ohio, Kentucky, New York, California, and West Virginia

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HB 813 – Charge #(2)(ii)

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State Experience: Projected Savings Met?

- **Ohio:** No, only achieved **~ 47%** of the projected savings.
- **Kentucky:** Yes, **100%** of projected savings achieved.
- **New York:** Yes, slightly exceeded projected savings.
- **California:** Yes, **100%** of projected savings achieved.
- **West Virginia:** Yes, exceeded projected savings by **~ 19%**.

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Discussion Questions: Current MCO Carve-In Model

- What operational challenges do pharmacies experience when contracting with multiple MCOs and PBMs?
- How do differences across MCOs and PBMs affect patient access?

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Discussion Questions: Single PBM (SPBM) Model

- Which differences across PBMs create the greatest burden, particularly related claims payment?

- Are there current PBM or MCO practices that stakeholders believe should be standardized regardless of which delivery model Maryland uses?

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Discussion Questions: FFS Carve-Out Model

- What are the biggest advantages and disadvantages of carving pharmacy benefits out of managed care and administering them through FFS?

- What implementation issues would Maryland anticipate if claims processing, prior authorization, provider support, and pharmacy operations shifted to an expanded FFS vendor role?

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Potential Policy Recommendations & Conclusions

In preparation for the development of the Final Report

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Executive Summary - Potential Policy Recommendations by HB 813 Charge

- **Charge #2 -** An assessment, with funding to contract with an external vendor, to examine the use of different payment methods for pharmacy in the context of Medicaid, including a single PBM (SPBM).
- **Charge #3 -** Requirement that PBMs make their specialty drugs lists available to the public and update them on a regularly scheduled basis.
- **Charge #3 -** Adopting the North Carolina definition of specialty drug, excluding subsection c, and expanding elements such as what constitutes a chronic illness.
- **Charge #3 -** Adopting the North Carolina definition of specialty pharmacy and limiting the mail order option to drugs needing to be processed through a specialty pharmacy; while also requiring insurers to allow in pharmacies to distribute who meet the definition of specialty pharmacy.

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1. savings associated with NADAC ingredient cost pricing and managed care organizations; and

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HB 813 Charge #2 - Pharmacy Benefit Delivery Model Assessment

- Capture elements of current research supplemented with additional analysis and stakeholder engagement.
- Current research has included:
  - Multi-state Medicaid pharmacy benefit delivery model landscape scan.
  - Qualitative analysis of alternative pharmacy benefit delivery models.
- Additional research still needed:
  - Supplement multi-state landscape scan with analysis of net pharmacy spending under various delivery models.
  - Supplement current research of pharmacy reimbursement to consider impact of 340B reimbursement methodology differences.
  - Administrative cost modeling (consider impacts to state internal expenditures, vendor expenditures, and MCO administrative cost).

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HB 813 Charge #2 - Pharmacy Benefit Delivery Model Assessment *(cont.)*

- Additional research still needed (continued):
  - Preferred Drug List (PDL) and rebate modeling (e.g., impact of uniform PDL and associated impacts on net pharmacy claim expenditures after rebates).
  - Actuarial cost modeling (e.g., impact of premium taxes, underwriting gain, etc.).
- Stakeholder engagement and implementation strategy development:
  - Structured interviews and engagement sessions with impacted parties.
  - For SPBM option, consider various types of SPBM structures.
  - Evaluate operational control and best practices for state management of vendors and other functions.
  - Risk mitigation strategies (e.g., assessment of potential implementation risks and mitigation strategies for each delivery model, particularly regarding continuity of care for members during a potential transition).
  - Assess member access and equity under potential delivery model changes.
  - Regulatory alignment (e.g., recommend policy and regulatory changes potentially needed).

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HB 813 Charge #2 - Pharmacy Benefit Delivery Model Assessment *(cont.)*

Estimated Timeline to Procure and Conduct Assessment	
Maryland State Procurement	Up to 2 years
Assessment Conducted by Vendor (including Final Assessment Deliverable being accepted by the State)	~ 1 year
TOTAL TIME	**~ 3 years**

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HB 813 Charge #3

"(3) review coverage requirements for specialty drugs, including:

(i) which drugs are considered specialty for purposes of formularies across carriers and pharmacy benefits managers; and

(ii) what these drugs have in common for purposes of developing a new definition for "specialty drug";

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HB 1469 (2026)

(c) The workgroup shall study the definition of "specialty drug" established under 1 § 15–847 of the Insurance Article to:

(1) determine:

(i) which stakeholders benefit from the definition;

(ii) which stakeholders are disadvantaged by the definition;

(iii) how each stakeholder group applies the definition;

(iv) the impact of the definition on patients; and

(v) any unintended consequences of the definition;

(2) compare the definition to other definitions of "specialty drug" used in:

(i) federal law;

(ii) other states' laws, and

(iii) international law; and

(3) make a recommendation for a new definition of "specialty drug" that is in the best interest of patients and all stakeholders in the State.

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HB 813 Charge #3 - Policy Solutions

- Adopting the North Carolina definition of specialty drug, excluding subsection c, and expanding elements such as what constitutes a chronic illness
- Adopting the North Carolina definition of specialty pharmacy and limiting the mail order option to drugs needing to be processed through a specialty pharmacy; while also requiring insurers to allow in pharmacies to distribute who meet the definition of specialty pharmacy

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HB 813 Charge #3 - North Carolina Definition of Specialty Drug and Specialty Pharmacy

(16b) Specialty drug. - Any of the following prescription medications:

a. A medication that is subject to restricted distribution by the United States Food and Drug Administration.

b. A medication used to treat complex or chronic conditions that requires special handling, provider coordination, or patient education.

c. A medication classified as a specialty drug as determined by a health benefit plan.

(16c) Specialty pharmacy. - A pharmacy accredited as a specialty pharmacy by a nationally recognized, independent accrediting organization that evaluates a pharmacy's compliance with quality, safety, and service standards for handling, dispensing, and managing specialty drugs. The accreditation may be issued by the Utilization Review Accreditation Commission (URAC), the Accreditation Commission for Health Care (ACHC), the National Association of Boards of Pharmacy (NABP), the Joint Commission, or their successors.

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HB 813 Charge #3 - Transparency Solutions

- Requirement that PBMs make their specialty drugs lists available to the public and update them on a regularly scheduled basis.
- The State should consider and pursue options to collect transparency data necessary to evaluate and address prescription drug supply chain payment dynamics identified by the PBM Workgroup. Where feasible, these efforts should align with the state's work under the AHEAD Model Choice Option of "Advancing Prescription Drug Price Transparency" to advance overall health system affordability and market transparency.

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HB 813 Charges #4, 5, & 6

"(4) review ERISA exemptions for pharmacy benefits management regulation, including:

(i) the scope of Rutledge v. Pharmaceutical Care Management Association and subsequent case law and federal guidance;

(ii) how other states have responded to the Rutledge decision;

(iii) what, if any, other State laws should be amended;

(5) review the costs associated with pharmacies contracting with commercial plans versus pharmacies contracting with the Maryland Medical Assistance Program;

(6) review provisions of State law regarding pharmacy benefit managers, specialty pharmacies, and anti–steering, including:

(i) § 15–1611.1 of the Insurance Article related to the use of specific pharmacies or entities and the effect the section has on pharmacy costs in the fully insured market; and

(ii) § 15–1612 of the Insurance Article related to reimbursement and the effect the section has on pharmacy costs in the fully insured market;"

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HB 813 Charges #4, 5, & 6 *(cont.)*

- **Charge #4 2025 Conclusion:** Policy recommendations for Charge #4 may be premature due to ongoing ERISA litigation.
    - NAIC 2026 Guidance Document provides updates on these cases.
- **Charges #5 & #6 Conclusion:** There are no recommendations at this time. Both charges were discussed at meetings, and there do not appear to be changes for the Workgroup to recommend.

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Questions and/or Comments from Workgroup Members

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Questions and/or Comments from Public Stakeholders

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Written Comments

Written comments will be accepted though **EOD Tuesday, October 6, 2026**, on the topics covered in today's meeting.

Those can be submitted via email to:

pharmacyservicesworkgroup.mia@maryland.gov

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Contact Information

Maryland Insurance Administration

800-492-6116 (toll-free)

410-468-2000 (local)

800-735-2258 (TTY)

insurance.maryland.gov

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