



Maryland
Hospital Association

Senate Bill 759 – Health – Prescription Drug Affordability Board
Position: *Letter of Information*

Bill Summary

SB 759 would establish the Prescription Drug Affordability Board including its purpose, composition and requirements regarding certain conflicts of interest. SB 759 would require the Board to identify certain prescription drug products with certain costs and establish upper payment limits for drugs that fall into a certain criteria.

MHA Position

On behalf of the Maryland Hospital Association's (MHA) 62 member hospitals and health systems, we appreciate the opportunity to offer this letter of information on the 2019 iteration of the Prescription Drug Affordability Board (Board). Notably, we appreciate the sponsors and proponents' engagement and commitment throughout the legislative session to address hospital concerns outlined in our letter dated January 15, 2019. With key amendments in place, we believe SB 759 is a stronger bill than originally introduced to stakeholders in early January.

Specifically, we thank the sponsors and proponents of the bill for including language to phase-in decisions that the Board makes on upper payment limits to January 1, 2024. This thoughtful phase-in aligns with requirements of the new phase of the Total Cost of Care Model (Model) and provides the opportunity in the interim for the Health Services Cost Review Commission in consultation with the Maryland Health Care Commission to carefully study the impact and implications of the Board's decisions on the Model.

In our discussions with the proponents of SB 759, we have also addressed concerns regarding a lack of enforcement mechanism or solutions in the event that Board action inadvertently creates a drug shortage or if manufacturers do not comply with the upper payment limit. The proponents have included language that provides the means for the Maryland Office of the Attorney General to exercise its enforcement authority under Maryland law including under the relevant commercial law article. Additionally, proponents have included importation language so that providers may import needed drugs to offset an instance where an upper payment limit in Maryland inadvertently presents a barrier for Marylanders to receive the critical drug.

Finally, we also appreciate the proponents including language that ensures that the Board is comprised of at least one individual with expertise in the Model and the important federal 340B program, which helps ensure that Marylanders continue to receive access to high cost drugs.

Maryland's hospitals share the proponents' goal of reducing the price of high-cost drugs for Marylanders. Given that no other state has implemented a Board that sets upper payment limits on high cost drugs, there are questions that remain to be answered. As with any major health policy reform, Maryland's hospitals are cautious about the impact on access and the supply chain; however, we remain committed to identifying opportunities to address the high cost of prescription drugs.