

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1117 (Delegate Kipke, *et al.*)  
Health and Government Operations

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Health Insurance - Specialty Drugs - Authority to Dispense

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This bill modifies the types of pharmacies that can be used to obtain specialty drugs by specifying that a carrier can require a covered specialty drug to be obtained through a pharmacy in the carrier's network, if the pharmacy (1) is licensed; (2) has in inventory or is able to readily obtain the covered specialty drug from the manufacturer; and (3) as under current law, meets the carrier's performance standards and accepts the carrier's network reimbursement rates. These provisions do not prohibit a manufacturer from establishing a limited distribution network for one or more specialty drugs.

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Fiscal Summary

**State Effect:** The bill does not materially affect State finances or operations, including the Maryland Insurance Administration and the State Employee and Retiree Health and Welfare Benefits Program.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful for small business pharmacies that provide specialty drugs under the bill.

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Analysis

**Bill Summary:** A carrier must post its performance standards on the carrier's website. A carrier that denies a request of a pharmacy participating in the carrier's network to dispense a covered specialty drug must notify the pharmacy in writing of the specific reason for the denial.

**Current Law:** Chapter 422 of 2014 prohibits carriers from imposing a copayment or coinsurance requirement on a covered specialty drug that exceeds \$150 for up to a 30-day supply. This limit must be increased annually to reflect medical care inflation. A carrier may provide coverage for specialty drugs through a managed care system.

Generally, a carrier may require a covered specialty drug to be obtained through a designated pharmacy or other authorized source or a pharmacy participating in the carrier's network, if the carrier determines that the pharmacy meets the carrier's performance standards and accepts the carrier's network reimbursement.

“Specialty drug” means a prescription drug that (1) is prescribed for an individual with a complex or chronic medical condition or a rare medical condition; (2) costs \$600 or more for up to a 30-day supply; (3) is not typically stocked at retail pharmacies; and (4) requires a difficult or unusual process of delivery to the patient in the preparation, handling, storage, inventory, or distribution of the drug or requires enhanced patient education, management, or support, beyond that required for traditional dispensing before or after administration of the drug.

**Background:** In its 2016 [Drug Trend Report](#), Express Scripts (one of the largest pharmacy benefits managers) notes that U.S. prescription drug spending increased 3.8% in 2016, 27% less than in 2015. Utilization of traditional medications increased modestly (1.3%), while the use of specialty drugs increased by 7.1%.

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### Additional Information

**Prior Introductions:** Similar legislation, SB 1018 of 2016, received a hearing in the Senate Finance Committee, but no further action was taken. Its cross file, HB 1383, received a hearing in the House Health and Government Operations Committee but was subsequently withdrawn.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2017  
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