

140 South Street, Annapolis, MD 21401

## Letter of Information

### Finance Committee

### *HB 357 Pharmacy Benefits Manager – Definition of Purchaser and Alteration of Application of Law*

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On behalf of the member institutions of the Maryland Independent College and University Association (MICUA) and the 56,000 students we serve, I thank you for the opportunity to provide this letter of information regarding [HB 357 Pharmacy Benefits Manager – Definition of Purchaser and Alteration of Application of Law](#).

HB 357 would change the existing landscape of Maryland’s self-funded plans. The State's longstanding policy has been to follow ERISA laws that prohibit state legislatures from overriding federal preemption of self-funded plans. Several MICUA institutions offer self-funded plans, and this change in practice would impact their operations and capability to offer reasonably priced employee benefits packages.

The catalyst of the bill is the 2020 U.S. Supreme Court decision in *Ruthledge v. PCMA* that upheld an Arkansas law requiring Pharmacy Benefits Managers (PBMs) to reimburse pharmacists at certain levels. There has been a misinterpretation of the decision, and thus, across many states, it has ignited a flurry of bill introductions by pharmacists seeking increased profits. Employers with self-insured plans would see passed-through fees from PBMs if this legislation were to advance. MICUA schools could foresee some challenges with offering affordable plans to their employees on an already stretched budget. The current inflation levels have tremendously impacted many budget items at an institution of higher education, and there are concerns HB 357 could overburden some MICUA members. Institutions of higher education aim to attract highly qualified individuals to their campuses to educate students who will enter the workforce. Employee benefits are used as a recruiting tool to recruit skilled academic and administrative personnel, and this legislation could interfere with these efforts.

Thank you for the opportunity to provide this information related to House Bill 357 on behalf of our member institutions. If you have any questions or would like additional information contact Irnande Altama, Associate Vice President for Government and Business Affairs, [ialtema@micua.org](mailto:ialtema@micua.org).



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