

Plan Design and PBM Reform Study and Recommendations

Recommendation

In collaboration with State and Stakeholder partners, the Board will conduct a comprehensive study on pharmacy benefit manager (PBM) practices and health plan design. This assessment aims to address systemic transparency issues and market inefficiencies to provide actionable policy recommendations.

Key Interest Areas:

- **Reimbursement & Fair Competition:** Evaluating reimbursement methods and the cost disparity between commercial and Maryland Medical Assistance contracts.
- **Market Structure:** Analyzing vertical integration, "anti-steering" practices toward PBM-owned pharmacies, and the impact of specialty drug lists.
- **Transparency & Accountability:** Assessing fiduciary duty requirements, delinked compensation (flat-fee) structures, and the "pass-through" of rebates and point-of-sale (POS) discounts.
- **Utilization Management:** Reviewing the prevalence of prior authorizations and the impact of manufacturer rebates on formulary design and biosimilar uptake.

Implementation Process and Timeline

- **Phase 1: Proposal & Framework (1 Month):** Board prepares the scope of the study and establishes the stakeholder engagement framework.
- **Phase 2: Analysis & Modeling (12 Months):** Board, in conjunction with state partners, conducts a 12-month analysis, utilizing actuarial modeling of Maryland claims data and stakeholder testimony.
- **Phase 3: Reporting & Finalization (3 Months):** Board finalizes findings in a standalone "PBM Reform" report or as a feature of the 2027 Annual Report.
- **Phase 4: Policy Recommendation (Milestone):** Presentation of formal policy recommendations to the Maryland General Assembly for the Legislative Session.

Precedents and External Frameworks

- **[Federal Trade Commission \(FTC\)](#):** The FTC's ongoing inquiry into "Prescription Drug Middlemen" serves as a framework, specifically regarding how vertical integration and opaque pharmacy audits impact drug competition and patient costs.
- **[National Association of Insurance Commissioners \(NAIC\)](#):** The NAIC's PBM Working Group provides a blueprint for state-level oversight, including uniform data collection standards, market conduct monitoring, and harmonized licensing requirements across state lines.
- **[American Medical Association \(AMA\)](#):** The AMA's Committee on Medical Service has established a precedent for (1) evaluating the erosion of "physician-led medication management" due to PBM restrictions, and (2) examining DIR fees to inform state-level advocacy.