

Title 14 Independent Agencies

Subtitle .01 Prescription Drug Affordability Board

Chapter .01 General Provisions

.01 Definitions.

A. In this subtitle, the following terms have the meanings indicated.

[B. Terms Defined.

- (1) “Biologic” means a biological product, as defined in 42 U.S.C. §262(i)(1).
- (2) “Biosimilar” means a biological product, as defined in 42 U.S.C. §262(i)(2), that is produced or distributed in accordance with a biologics license application approved under 42 U.S.C. §262(k)(3).
- (3) “Board” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.
- (4) “Brand name drug” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.
- (5) “Carrier” has the meaning stated in Health-General Article, §19-132, Annotated Code of Maryland.
- (6) “Chairperson” means the chair of the Board, as provided for in Health-General Article, §21-2C-03, Annotated Code of Maryland.
- (7) “Fund” means the Prescription Drug Affordability Fund, as provided for in Health-General Article, §21-2C-11, Annotated Code of Maryland.
- (8) “Generic drug” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.
- (9) “Manufacturer” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.
- (10) “Pharmacy benefit manager” has the meaning stated in Insurance Article, §15-1601, Annotated Code of Maryland.
- (11) “Prescription drug product” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.

(12) “Stakeholder Council” means the Prescription Drug Affordability Stakeholder Council, as provided for in Health-General Article, §21-2C-04, Annotated Code of Maryland.

(13) “Wholesale distributor” has the meaning stated in Health Occupations Article, §12-6C-01, Annotated Code of Maryland.]

#### ALL NEW

#### B. Terms Defined.

(1) “Accelerated Approval” means the FDA drug approval process defined in 21 U.S.C. §356(c)(1)(A).

(2) “Active ingredient” means the ingredient in a drug that provides pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, as defined in 21 CFR §314.3.

(3) “Active moiety” means the molecule or ion responsible for the physiological or pharmacological action of the drug substance, excluding those appended portions of the molecule that cause the drug to be an ester, salt, or other noncovalent derivative of the molecule, as defined in 21 CFR §314.3.

(4) “Aggrieved Person” means a person who has suffered actual loss or injury or is exposed to potential loss or injury to legitimate interest including, but not limited to, business and economic interests.

(5) “Average cost share” means a patient’s total out-of-pocket costs divided by total spending for a prescription drug product.

(6) “Average patient copay” means the average out-of-pocket cost per prescription.

(7) “Average payor cost per patient” means the sum of the total dollars paid by all payors, over the most recent calendar year, divided by the number of patients.

(8) “Average sales price (ASP)” has the meaning stated in 42 U.S.C §1395w-3a(c)(1).

(9) “Average total out-of-pocket cost” means the total patient out-of-pocket costs, over the most recent calendar year, divided by the number of patients.

(10) “Average wholesale price (AWP)” means the average suggested price paid by a retailer to buy a drug from a wholesaler, excluding discounts, rebates and other price reductions.

- (11) “Biologic” means a biological product, as defined in 42 U.S.C. §262(i)(1).
- (12) “Biosimilar” means a biological product, as defined in 42 U.S.C. §262(i)(2), that is produced or distributed in accordance with a biologics license application approved under 42 U.S.C. §262(k)(3).
- (13) “Board” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.
- (14) “Board staff” means an employee of the Board, or a qualified independent third party that has contracted with the Board and is subject to a nondisclosure or confidentiality agreement.
- (15) “Brand name drug” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.
- (16) “Carrier” has the meaning stated in Health-General Article, §19-132, Annotated Code of Maryland.
- (17) “Chairperson” means the chair of the Board, as provided in Health-General Article, §21-2C-03, Annotated Code of Maryland.
- (18) “Coinsurance” means the percentage of costs paid by the patient after meeting the deductible.
- (19) “Copay” means the flat dollar amount that a patient pays for prescriptions or services covered by the patient’s health insurance.
- (20) “Health economics and outcomes research” means the form of economic analysis that compares the relative costs and outcomes of different treatments, such as cost effectiveness analyses, comparative effectiveness research, health economic information, and health technology assessments.
- (21) “Consumer Price Index for All Urban Consumers (CPI-U)” means the measure of the average change over time in the prices paid by urban consumers for a defined market basket of consumer goods and services.
- (22) “Coupon” means a voucher intended to help consumers pay for or access a prescription drug product.
- (23) “Deductible” means the set amount a patient pays for health medical services and products before a health insurance plan begins to provide coverage, usually expressed in dollars in the form of an annual fee.

(24) “Discount” means a deduction from the usual cost, a charge back, or any other type of consideration provided by supply chain entities to a pharmacy that is not included on the invoice and may affect the price paid for a drug and may be based on the fulfillment of contractual terms such as prompt payment or volume purchased.

(25) “Drug class” means the grouping of medications based on a common active ingredient (or ingredients) or by pharmacologic or therapeutic class.

(26) “Drug specific patient access program” means a program designed to provide a patient with assistance in obtaining a prescription drug or paying for a prescription drug, including but not limited to providing a drug to a patient, coupons provided by the manufacturer, donations to a non-profit or foundation associated with the manufacturer, and donations to independent nonprofit that are earmarked for the manufacturer’s drugs.

(27) “Exclusivity” means the period during which the manufacturer of an FDA-approved drug has exclusive marketing rights and no competing generic or biosimilar versions of the product may be approved by the FDA.

(28) “Fund” means the Prescription Drug Affordability Fund, as provided for in Health-General Article, §21-2C-11, Annotated Code of Maryland.

(29) “Federal Supply Schedule (FSS)” means a price catalog containing prescription drug products available for purchase by federal agencies.

(30) “Food and Drug Administration (FDA)” means the federal agency of the U.S. Department of Health and Human Services tasked with protecting and promoting public health through the control and supervision of food safety, tobacco products, dietary supplements, prescription and over-the-counter pharmaceutical drugs, vaccines, biopharmaceuticals, medical devices, and other consumer products.

(31) “Formulary” has the meaning stated in Insurance Article, §15-1601, Annotated Code of Maryland.

(32) “Generic drug” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.

(33) “Health maintenance organization (HMO)” has the meaning stated in Health-General Article, §19-701, Annotated Code of Maryland.

(34) “Insulin” means all NDCs in the A10A Anatomical Therapeutic Chemical (ATC) class.

(35) “Insurance benefit design” means the rules that determine the services covered by the plan and any cost-sharing measures, such as deductibles, copays or coinsurance, and management tools such as formularies. (36) “Intellectual property” means the intangible value developed by human creativity that is protected by the legal mechanisms of patents, trademarks, copyrights, service marks, trade secrets, mask works, and plant variety protection certificates.

(36) “Interchangeable biosimilar” means a biological product deemed to be interchangeable by FDA if it produces the same result as a reference biologic in any given patient, and if there is no safety risk or diminished efficacy in switching.

(37) “Manufacturer” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.

(38) “Maryland Medical Care Database (MCDB)” means the database established and maintained by the Maryland Health Care Commission pursuant to Health-General Article, §19-133, Annotated Code of Maryland.

(39) “Managed care organization (MCO)” has the meaning stated in Health-General Article, §15-102.4, Annotated Code of Maryland.

(40) “Medicaid” means the public health program jointly administered by the federal government and states that primarily serves low-income people (children, parents, and, in some states, other adults) and some medically needy patients.

(41) “Medicare” means the public health program administered by the federal government for people over the age of 65 or with permanent disabilities.

(42) “National average drug acquisition cost (NADAC)” means the pricing benchmark calculated from the Center for Medicare & Medicaid Services’ (CMS) monthly surveys of retail pharmacies that reflects the average price pharmacies pay to acquire a drug from a wholesaler or manufacturer, excluding subsequent discounts or rebates from manufacturers to wholesalers or pharmacies.

(43) “National Drug Code (NDC)” means the unique three-segment number used for identification and reporting as set forth in 21 CFR. §207.33.

(44) “Net cost” means the per-unit cost of a drug after accounting for rebates, discounts, and other price concessions negotiated between manufacturers and payors.

(45) “Out-of-pocket costs” means the expenses for medical care, including prescription drugs, that are not reimbursed by insurance and are paid by a patient—including deductibles, coinsurance, and copayments for covered services, and the costs for all non-covered services.

(46) “Payor” means the entity other than the patient responsible for paying for health care costs including health insurance carriers, health plan sponsors, PBMs, Medicare, Medicaid, MCOs, and HMOs.

(47) “Per patient total out-of-pocket costs” means the sum of a patient’s total out-of-pocket costs including items such as coinsurance, copayment and deductible at a certain percentile.

(48) “Person” includes an individual, limited liability company, partnership, corporation, association, county, and public or private organization of any character other than an agency.

(49) “Pharmacy benefit manager (PBM)” means a third-party administrator of prescription drug programs as stated in Insurance Article, §15-1601, Annotated Code of Maryland.

(50) “Prescription drug product” has the meaning stated in Health-General Article, §21-2C-01, Annotated Code of Maryland.

(51) “Proprietary” means something that is used, produced, or marketed under the exclusive legal right of the inventor, maker or owner.

(52) “Rebate” means a partial refund by the manufacturer of the cost of goods or services but does not include purchase discounts based on invoiced purchase terms.

(53) “Stakeholder Council” means the Prescription Drug Affordability Stakeholder Council, as provided for in Health-General Article, §21-2C-04, Annotated Code of Maryland.

(54) “State actual acquisition cost (SAAC)” has the meaning stated in COMAR 10.09.03.01.B(42).

(55) “Standard medical practice” means the customary procedure of medical professionals:

- (a) Based on credible scientific evidence published in peer reviewed medical literature generally recognized by the relevant medical community;
- (b) Consistent with physician specialty society recommendations; or
- (c) Consistent with the views of physicians practicing in the relevant clinical areas.

(56) “Trade secret” has the meaning stated in Commercial Law, §11-1201, Annotated Code of Maryland.

(57) “Therapeutic alternative” means a drug product that: (1) contains a different therapeutic agent than the subject drug, (2) is in the same or a different pharmacological or therapeutic class and (3) has similar therapeutic effects, safety profile, and expected outcomes when administered to patients in a therapeutically equivalent dose.

(58) “Therapeutic class” means a group of active moieties (*i.e.*, parts of molecules) that share scientifically documented properties and are defined on the basis of any combination of three attributes: mechanism of action, physiologic effect, and chemical structure.

(59) “Therapeutic equivalent” has the meaning stated in 21 CF R §314.3.

(60) “Total patient out-of-pocket cost” means the sum of all patients’ total out-of-pocket costs including items such as coinsurance, copayment and deductible.

(61) “Wholesale acquisition cost (WAC)” means the manufacturer’s list price for a prescription drug product to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates and reductions in price, as reported in a wholesale price guide or other publication of prescription drug product pricing data.

(62) “Wholesale distributor” has the meaning stated in Health Occupations Article, §12-6C-01, Annotated Code of Maryland.