

HOUSE BILL 1117

C3

7lr3104
CF 7lr3138

By: **Delegates Kipke, Cullison, Hayes, Hill, Krebs, McDonough, Metzgar, Morgan, Oaks, Saab, Szeliga, West, and K. Young**

Introduced and read first time: February 9, 2017

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Specialty Drugs – Authority to Dispense**

3 FOR the purpose of altering the conditions certain pharmacies must meet to be authorized
4 by certain insurers, nonprofit health service plans, and health maintenance
5 organizations to dispense certain specialty drugs; requiring certain insurers,
6 nonprofit health service plans, and health maintenance organizations to post certain
7 performance standards on their Web sites; requiring certain insurers, nonprofit
8 health service plans, and health maintenance organizations that deny a request from
9 a certain pharmacy for authorization to dispense certain specialty drugs to notify the
10 pharmacy of the reason for the denial; specifying the form and content of the notice;
11 providing for the effect of certain provisions of this Act; and generally relating to the
12 dispensing of specialty drugs by pharmacies.

13 BY repealing and reenacting, without amendments,
14 Article – Insurance
15 Section 15–847(a)(1), (2), (4), and (5) and (b)
16 Annotated Code of Maryland
17 (2011 Replacement Volume and 2016 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Insurance
20 Section 15–847(d)
21 Annotated Code of Maryland
22 (2011 Replacement Volume and 2016 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
24 That the Laws of Maryland read as follows:

25 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 15–847.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) (i) “Complex or chronic medical condition” means a physical,
4 behavioral, or developmental condition that:

- 5 1. may have no known cure;
- 6 2. is progressive; or
- 7 3. can be debilitating or fatal if left untreated or
8 undertreated.

9 (ii) “Complex or chronic medical condition” includes:

- 10 1. multiple sclerosis;
- 11 2. hepatitis C; and
- 12 3. rheumatoid arthritis.

13 (4) (i) “Rare medical condition” means a disease or condition that
14 affects fewer than:

- 15 1. 200,000 individuals in the United States; or
- 16 2. approximately 1 in 1,500 individuals worldwide.

17 (ii) “Rare medical condition” includes:

- 18 1. cystic fibrosis;
- 19 2. hemophilia; and
- 20 3. multiple myeloma.

21 (5) “Specialty drug” means a prescription drug that:

22 (i) is prescribed for an individual with a complex or chronic medical
23 condition or a rare medical condition;

24 (ii) costs \$600 or more for up to a 30–day supply;

25 (iii) is not typically stocked at retail pharmacies; and

(iv) 1. requires a difficult or unusual process of delivery to the patient in the preparation, handling, storage, inventory, or distribution of the drug; or

2. requires enhanced patient education, management, or support, beyond those required for traditional dispensing, before or after administration of the drug.

(b) This section applies to:

(1) insurers and nonprofit health service plans that provide coverage for prescription drugs under individual, group, or blanket health insurance policies or contracts that are issued or delivered in the State; and

(2) health maintenance organizations that provide coverage for prescription drugs under individual or group contracts that are issued or delivered in the State.

(d) (1) Subject to § 15–805 of this subtitle and notwithstanding § 15–806 of this subtitle, nothing in this article or regulations adopted under this article precludes an entity subject to this section from requiring a covered specialty drug to be obtained through:

[(1)] (I) a designated pharmacy or other source authorized under the Health Occupations Article to dispense or administer prescription drugs; or

[(2)] (II) a pharmacy participating in the entity's provider network, if [the entity determines that] the pharmacy:

1. IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE;

[(i)] 2. meets the entity's performance standards; [and]

3. HAS IN INVENTORY OR IS ABLE TO READILY OBTAIN THE COVERED SPECIALTY DRUG FROM THE MANUFACTURER; AND

[(ii)] 4. accepts the entity's network reimbursement rates.

(2) AN ENTITY SUBJECT TO THIS SECTION SHALL POST ITS PERFORMANCE STANDARDS ON THE ENTITY'S WEB SITE.

(3) (I) AN ENTITY SUBJECT TO THIS SECTION THAT DENIES A REQUEST OF A PHARMACY PARTICIPATING IN THE ENTITY'S NETWORK FOR AUTHORIZATION TO DISPENSE A COVERED SPECIALTY DRUG SHALL NOTIFY THE PHARMACY OF THE REASON FOR THE DENIAL.

1 **(II) THE NOTICE REQUIRED UNDER SUBPARAGRAPH (I) OF THIS**
2 **PARAGRAPH SHALL BE IN WRITING AND STATE THE SPECIFIC REASON FOR THE**
3 **DENIAL.**

4 **(4) THIS SUBSECTION DOES NOT PROHIBIT A MANUFACTURER FROM**
5 **ESTABLISHING A LIMITED DISTRIBUTION NETWORK FOR ONE OR MORE OF THE**
6 **MANUFACTURER'S SPECIALTY DRUGS.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2017.