



Maryland
Hospital Association

February 28, 2018

To: The Honorable Thomas M. Middleton, Chairman
Senate Finance Committee

From: Mike Robbins, Sr. VP of Finance and Rate Setting
Jennifer Witten, Director of Government Relations
Maryland Hospital Association

Re: Letter of Concern-Senate Bill 1023-Establishing the Drug Cost Review Commission

Dear Chairman Middleton:

On behalf of the Maryland Hospital Association's (MHA) 64 member hospitals and health systems, we appreciate the opportunity to comment on the creation of a Drug Commission, as proposed in Senate Bill 1023. Maryland's hospitals share the Maryland Citizens' Health Initiative's goal of eliminating shortages of drugs that are critical to the treatment of our patients, as well as reducing the price of high-cost drugs whose cost can be a barrier to getting people the care that they need. It is our view, however, that the approach proposed in SB 1023 is unlikely to lead to these outcomes.

We are concerned that SB1023 would establish a drug cost review commission for certain drugs that has the potential of limiting access to these drugs, and that potentially interferes with the cost review authority of Maryland's Health Services Cost Review Commission (HSCRC) to regulate rates charged by Maryland's hospitals for these drugs.

It is also possible that the proposed legislation has the potential to conflict with federal laws on 340b purchases and interstate commerce. The 340B program is critical in supporting safety-net providers in helping low-income and vulnerable individuals across the country access affordable, comprehensive health care services for more than 25 years. This program has enabled hospitals to expand health care services to the community, increase the number of patients they serve, and offset losses in uncompensated care. The 340B program provides resources to care for many uninsured and low-income patients. Hospital savings from the program, particularly under Maryland's Global Budget Revenue model, can be reinvested in hospital programs that reduce potentially avoidable utilization and improve outcomes. Any policy that jeopardizes this program would be devastating to the state and most importantly to vulnerable patients benefiting from this program.

Finally, based on our ongoing discussions with proponents of this legislation, it remains unclear to us whether its claimed advantages would actually be shared among all Marylanders. Absent additional, more detailed information on the number and utilization of drugs specified in the bill, it is impossible to estimate whether the potential savings from the proposed commission would exceed even the administrative costs of setting up the infrastructure to establish the commission.

Without satisfactorily addressing these concerns, the Maryland Hospital Association must oppose **SB 1023** and asks your committee for an unfavorable report.

As you know, Maryland's hospitals have been successful to date in working with the HSCRC and other stakeholders on achieving the cost containment and quality improvement goals of our all-payer model. We remain committed to those efforts, including continuing to work with the Maryland Citizens' Health Initiative on other potential solutions to ensuring that Marylanders have access to the medications they need at an affordable cost.