



MARYLAND
Prescription Drug Affordability Board

16900 Science Drive
Suites 112-114
Bowie, MD 20715
pdab.maryland.gov

April 12, 2023

The Honorable Dan Frankel
Chair, Pennsylvania House Health Committee
326 Main Capitol Building
P.O. Box 202023
Harrisburg, PA 17120-2023

RE: Letter of Information on the Maryland Prescription Drug Affordability Board

Dear Chair Frankel:

The Maryland Prescription Drug Affordability Board (Board) writes to provide information on the function of a state Prescription Drug Affordability Board (PDAB).

The Maryland Prescription Drug Affordability Board is a first-in-the-national, independent agency created to make prescription drugs more affordable for Marylanders. The Board has five members, and receives input from a 26 member Stakeholder Council. The Board is funded through a special fund based on an annual \$1000 fee assessment on carriers, pharmacy benefit managers, wholesalers, and manufacturers. The Board has an annual operating budget of approximately \$1 million and has a staff of five full time employees.

The Board has the authority to address drug affordability through multiple mechanisms:

1. A study of aspects of pharmaceutical distribution and payment (Supply Chain Report) with initial policy and legislative recommendations;
2. Cost Reviews and annual Cost Review Reports with policy and legislative recommendations; and,
3. The Board has the authority to set upper payment limits (UPLs) for state and local government.

First, the Board is in the process of publishing its Supply Chain Report that summarizes the supply chain, analyzes the pharmaceutical market and the drivers that cause affordability challenges, and summarizes the different policies that states can consider to make prescription drugs more affordable, including setting upper payment limits, using a reverse auction marketplace, and implementing bulk purchasing. The initial recommendations from this report are to:

1. Publish the Upper Payment Limit (UPL) Action Plan;
2. Implement a Transparency Initiative to capture the data necessary to understand the drivers of affordability challenges in the pharmaceutical supply chain; and,
3. Implement an Insulin Affordability Program.



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Next, the Board may conduct Cost Reviews in which they select a subset of eligible drugs for in-depth analysis. Each drug selected for a Cost Review will be analyzed on 10 statutory factors, and additional factors established through regulations. The outcome of this process is that the Board will determine “whether use of the prescription drug product that is fully consistent with the labeling approved by the United States Food and Drug Administration or standard medical practice has led or will lead to affordability challenges for the State health care system or high out-of-pocket costs for patients.”

The Board will publish an annual Cost Review Report that includes price trends for prescription drug products, the number of prescription drugs that were subject to review and the results of the reviews, and any recommendations the Board may have on further legislation needed to make prescription drug products more affordable in the State.

Finally, the Maryland PDAB may choose to set UPLs for state and local governments. To do this, the PDAB will publish an UPL Action Plan for implementing the process, including the criteria that the Board will use to set upper payment limits. The UPL Action Plan must be approved by the Legislative Policy Committee (LPC). If the UPL Action Plan is not approved by the LPC, then the plan must be approved by the Governor and the Attorney General. The Board will also publish a report analyzing the expansion of the scope of UPLs from state and local government to all purchases and payor reimbursements in the state.

We believe that these tools together will allow the Board to make a meaningful difference in helping Marylanders access and afford their prescription drugs.

Thank you for your consideration. If you have any questions, please contact Andrew York at (410) 804-0251 or andrew.york@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew York", is written above a horizontal line.

Andrew York
Executive Director
Maryland Prescription Drug Affordability Board