MARYLAND Association of COUNTIES

Senate Bill 215

Workers' Compensation – Payment for Physician-Dispensed Prescriptions - Limitations

MACo Position: **SUPPORT**

Date: February 21, 2014

To: Finance Committee

From: Leslie Knapp, Jr.

The Maryland Association of Counties (MACo**) SUPPORTS** Senate Bill 215. The bill would limit the costs of self-insured counties from physician-prescribed medications in specified workers' compensation situations.

SB 215 specifies that an employer or its insurer may not be required to pay for a prescription that is dispensed to a covered employee who has suffered an accidental personal injury, compensable hernia, or occupational disease unless the prescription was: (1) dispensed within 30 days after the covered employee's initial appointment or consultation with the physician; and (2) limited to no more than a 30-day supply of the medication.

A September 2013 study by the Workers' Compensation Research Institute found that in Maryland, physicians directly dispensed 40% of all medications prescribed to injured workers during the time period of 2011-12. The study found that this constituted 55% of total spending on pharmaceuticals for workers' compensation claims for the covered time period. The study also concluded that for Maryland insurers (not including the Chesapeake Employers' Insurance Company) prices for physician-dispensed prescriptions increased meaningfully over the 2008-12 time period while prices for pharmacy-dispensed prescriptions decreased or changed only slightly.

SB 215 imposes reasonable limitations on physician-dispensed medications but does not establish a general prohibition that has been adopted in some states such as Massachusetts and New York. The bill would still allow physicians to dispense a short-term supply of medication while reducing costs for self-insured counties. Accordingly, MACo recommends the Committee issue a **FAVORABLE** report on SB 215.