

Department of Legislative Services  
 Maryland General Assembly  
 2026 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1470 (Delegate Cullison)  
 Health

Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey and Fee-for-Service Professional Dispensing Fee

This bill requires the Maryland Department of Health (MDH), beginning in 2026, to conduct the in-State cost-of-dispensing (COD) survey at least once every three years. Within six months of completing the survey, MDH must adopt regulations establishing a fee-for-service (FFS) professional dispensing fee based on the results of the survey.

Fiscal Summary

**State Effect:** Medicaid expenditures increase by \$81,000 (50% general funds, 50% federal funds) in FY 2027 and FY 2030 to conduct a COD survey. To the extent the survey necessitates an increase in the professional dispensing fee, Medicaid expenditures increase by an additional indeterminate but significant amount (not shown below) beginning as early as FY 2027, as discussed below. Federal fund revenues increase accordingly.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FF Revenue	\$40,500	-	-	\$40,500	-
GF/FF Exp.	\$81,000	-	-	\$81,000	-
Net Effect	(\$40,500)	(\$-)	(\$-)	(\$40,500)	(\$-)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

## Analysis

### Current Law:

#### *Related Federal Rules and Requirements*

The federal Centers for Medicare and Medicaid Services (CMS) do not require states to conduct COD surveys on a specific timeframe as long as pharmacy reimbursement meets federal requirements relating to efficiency, economy, sufficiency, and quality of care.

Federal regulations ([42 CFR § 447.518\(d\)](#)) do require states to provide adequate data, such as a state or national survey of retail pharmacy providers, to support any proposed changes to either ingredient cost reimbursement or professional dispensing fee reimbursement. States must submit the proposed change in reimbursement and the supporting data through a State Plan Amendment formal review process to CMS. Research and data must be based on pharmacy costs and be sufficient to establish the adequacy of both current ingredient cost reimbursement and professional dispensing fee reimbursement.

#### *Maryland Medicaid Dispensing Fees*

The most recent COD survey for Maryland Medicaid was completed by Myers and Stauffer in January 2020. The survey found that, for all pharmacies, the mean and median cost of dispensing was \$13.72 and \$11.16 per prescription, respectively. The survey noted that a single dispensing fee of \$10.67 per prescription would reimburse the weighted median cost of dispensing prescriptions to Maryland Medicaid members for nonspecialty pharmacies.

For FFS pharmacy expenditures, Maryland Medicaid currently provides a professional dispensing fee of \$10.67 per prescription and a nursing home dispensing fee of \$11.49 per prescription.

All nine Medicaid managed care organizations (MCOs) use a pharmacy benefits manager (PBM). PBM reimbursement amounts are proprietary and confidential. A 2018 *Joint Chairmen's Report* [response](#) from MDH found that the professional dispensing fees paid by MCOs were much lower than those paid under FFS.

**State Fiscal Effect:** Under the bill, Medicaid must conduct a COD study in 2026 and 2029 (fiscal 2027 and 2030), along with every three years thereafter. MDH advises that a COD survey costs approximately \$81,000. Thus, Medicaid expenditures increase by \$81,000 (50% general funds, 50% federal funds) in fiscal 2027 and 2030.

To the extent the COD study indicates a need to increase the professional dispensing fee, Medicaid expenditures increase by an additional significant amount beginning as early as

fiscal 2027. In calendar 2025, Medicaid FFS pharmacy provided 5.3 million prescriptions. For *illustrative purposes only*, to increase the professional dispensing fee by \$1.00, Medicaid costs increase by \$5.3 million annually (50% general funds, 50% federal funds).

The bill additionally requires MDH to adopt regulations establishing a FFS professional dispensing fee based on the results of the survey within six months of completing the survey. MDH advises that this timeline would place a significant burden on the department. The last COD survey conducted began in June 2018 (when Myers and Stauffer sent the survey to the participating pharmacies) and the results were published in January 2020. In response, Maryland adopted new professional dispensing fees in January 2021, approximately one year later.

**Small Business Effect:** To the extent more frequent COD surveys indicate a need to increase professional dispensing fees, small business pharmacies benefit from increased revenue from prescriptions dispensed to Medicaid enrollees.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 839 (Senator Ready) - Finance.

**Information Source(s):** Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2026  
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