

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 839
 Finance

(Senator Ready)

Health

Medical Assistance Programs - Drug Dispensing - Cost-of-Dispensing Survey

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. By December 1 of each year in which the survey is conducted, MDH must report the results of the survey to the General Assembly.

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. Federal fund revenues increase accordingly. MDH can report the results of the surveys with existing budgeted resources.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FF Revenue	\$40,500	\$0	\$0	\$40,500	\$0
GF/FF Exp.	\$81,000	\$0	\$0	\$81,000	\$0
Net Effect	(\$40,500)	\$0	\$0	(\$40,500)	\$0

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

Local Effect: None.

Small Business Effect: None.

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 fee-for-service (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. Federal fund revenues increase accordingly.

Additional Information

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

Designated Cross File: HB 1470 (Delegate Cullison) - Health.

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

Fiscal Note History: First Reader - March 5, 2026
jg/ljm Third Reader - April 1, 2026
Revised - Amendment(s) - April 1, 2026

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510