

providing for the effective dates of this Act; and generally relating to the substitution of generic forms of certain prescription drugs under the Maryland Medical Assistance Program and the Maryland Pharmacy Assistance Program.

**BY** repealing and reenacting, with amendments,

Article – Health – General

Section 15–118 and 15–124(b)(1) and (c)

Annotated Code of Maryland

(1994 Replacement Volume and 1995 Supplement)

**BY** repealing and reenacting, with amendments,

Article – Health – General

Section 15–124(b)(1) and (c)

Annotated Code of Maryland

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(As enacted by Chapter 401 of the Acts of the General Assembly of 1991, as amended by Chapter 98 of the Acts of the General Assembly of 1993, and as amended by Chapter 573 of the Acts of the General Assembly of 1995)

#### Preamble

**WHEREAS**, Generic equivalents of prescription drugs are far less expensive than brand name drugs; and

**WHEREAS**, Several pharmacy insurance programs, such as the State employee program, require substitution of therapeutically equivalent generic forms of drugs as soon as the generic forms are included in “Approved Drug Products with Therapeutic Equivalence Evaluations”, a publication by the U.S. Department of Health and Human Services that is also known as the “Orange Book”; and

**WHEREAS**, Current law requires the Maryland Medical Assistance Program to publish additions to the Program list of equivalent generic drugs 60 days before a substitution may be required; and

**WHEREAS**, As compared with other pharmacy insurance programs, these required delays double the amount of time before State pharmacy insurance programs may institute cost-saving substitutions of generic drugs; and

**WHEREAS**, In its Point-of-Sale system, the Department of Health and Mental Hygiene now has the ability to advise pharmaceutical providers electronically regarding the payment of a generic drug in the State formulary, thus providing prompt and meaningful notice; and

**WHEREAS**, Repeal of current notice requirements would provide for substantial cost savings of approximately \$250,000 in State funds each year by allowing the State to require generic substitutions on a more timely and efficient basis; now, therefore,

**SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND**, That the Laws of Maryland read as follows: