

# HOUSE BILL 1273

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By: **Delegates Johnson, Acevero, Arikan, Hill, Kelly, Kerr, Kipke, Krebs, R. Lewis, Parrott, Saab, Shetty, Szeliga, ~~and Valderrama~~ Valderrama, Bagnall, Barron, Belcastro, Bhandari, Carr, Charles, Chisholm, Cullison, Morgan, Pena-Melnyk, Pendergrass, Reilly, Rosenberg, Sample-Hughes, and K. Young**

Introduced and read first time: February 7, 2020

Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance – Audits of ~~Claims by~~ Pharmacies or Pharmacists – ~~Deadlines~~**  
3 **Authorization to Withdraw and Resubmit Claims**

4 FOR the purpose of ~~authorizing a certain carrier, if the carrier conducts a certain audit of~~  
5 ~~a claim by a pharmacy or pharmacist, to audit only claims submitted or adjudicated~~  
6 ~~within a certain period of time immediately preceding the audit except under certain~~  
7 ~~circumstances; altering the time frame during which certain claims must be~~  
8 ~~submitted or adjudicated for the claims to be audited by a pharmacy benefits~~  
9 ~~manager; defining a certain term; requiring a pharmacy benefits manager to allow a~~  
10 ~~pharmacy or pharmacist to withdraw and resubmit certain claims with a certain~~  
11 ~~number of days after a preliminary audit report is delivered or, if a pharmacy or~~  
12 ~~pharmacist requests an internal audit, within a certain number of days after the~~  
13 ~~conclusion of the internal appeals process; making a stylistic change; and generally~~  
14 relating to audits of claims by pharmacies or pharmacists.

15 BY repealing and reenacting, without amendments,  
16 Article – Insurance  
17 Section ~~15-141(a)(2)~~ and 15-1629(a) and (b)  
18 Annotated Code of Maryland  
19 (2017 Replacement Volume and 2019 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



BY repealing and reenacting, with amendments,

Article – Insurance

Section 15–1629(d)(7)

Annotated Code of Maryland

(2017 Replacement Volume and 2019 Supplement)

BY adding to

Article – Insurance

Section ~~15–144~~ 15–1629(d–1)

Annotated Code of Maryland

(2017 Replacement Volume and 2019 Supplement)

~~BY repealing and reenacting, with amendments,~~

~~Article – Insurance~~

~~Section 15–1629(d)(7)~~

~~Annotated Code of Maryland~~

~~(2017 Replacement Volume and 2019 Supplement)~~

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

### Article – Insurance

~~15–141.~~

~~(a) (2) “Carrier” means:~~

~~(i) an insurer;~~

~~(ii) a nonprofit health service plan;~~

~~(iii) a health maintenance organization;~~

~~(iv) a dental plan organization; or~~

~~(v) any other person that provides health benefit plans subject to  
regulation by the State.~~

~~15–144.~~

~~(A) IN THIS SECTION, “CARRIER” HAS THE MEANING STATED IN § 15–141 OF  
THIS SUBTITLE.~~

~~(B) IF A CARRIER CONDUCTS AN AUDIT OF A PHARMACY OR PHARMACIST  
UNDER CONTRACT WITH THE CARRIER, THE CARRIER MAY AUDIT ONLY CLAIMS  
SUBMITTED OR ADJUDICATED WITHIN THE 11-MONTH PERIOD IMMEDIATELY~~

~~PRECEDING THE AUDIT, UNLESS A LONGER PERIOD IS AUTHORIZED UNDER  
FEDERAL OR STATE LAW.~~

15-1629.

(a) This section does not apply to an audit that involves probable or potential fraud or willful misrepresentation by a pharmacy or pharmacist.

(b) A pharmacy benefits manager shall conduct an audit of a pharmacy or pharmacist under contract with the pharmacy benefits manager in accordance with this section.

(d) When conducting an audit, a pharmacy benefits manager shall:

(7) only audit claims submitted or adjudicated within the ~~{2-year}~~  
~~11-MONTH~~ period immediately preceding the audit, unless a longer period is [permitted]  
AUTHORIZED under federal or State law;

**(D-1) IF A CONTRACT BETWEEN A PHARMACY OR PHARMACIST AND A  
PHARMACY BENEFITS MANAGER SPECIFIES A PERIOD OF TIME IN WHICH A  
PHARMACY OR PHARMACIST IS ALLOWED TO WITHDRAW AND RESUBMIT A CLAIM  
AND THAT PERIOD OF TIME EXPIRES BEFORE THE PHARMACY BENEFITS MANAGER  
DELIVERS A PRELIMINARY AUDIT REPORT THAT IDENTIFIES DISCREPANCIES, THE  
PHARMACY BENEFITS MANAGER SHALL ALLOW THE PHARMACY OR PHARMACIST TO  
WITHDRAW AND RESUBMIT A CLAIM WITHIN 30 DAYS AFTER:**

**(1) THE PRELIMINARY AUDIT REPORT IS DELIVERED IF THE  
PHARMACY OR PHARMACIST DOES NOT REQUEST AN INTERNAL APPEAL UNDER  
SUBSECTION (I) OF THIS SECTION; OR**

**(2) THE CONCLUSION OF THE INTERNAL APPEALS PROCESS UNDER  
SUBSECTION (I) OF THIS SECTION IF THE PHARMACY OR PHARMACIST REQUESTS AN  
INTERNAL APPEAL.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
October 1, 2020.