

Janet T. Mills
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Commissioner



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April 27, 2023

Senator Donna Bailey, Chair
Representative Anne Perry, Chair
Members, Joint Standing Committee on Health Coverage, Insurance & Financial Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 1395 – An Act to Increase Transparency Regarding Certain Drug Pricing Programs

Senator Bailey, Representative Perry, and Members of the Joint Standing Committee on Health Coverage, Insurance & Financial Services:

This letter is to provide information in support of LD 1395, An Act to Increase Transparency Regarding Certain Drug Pricing Programs.

This bill requires each hospital to provide an annual report to the Maine Health Data Organization with hospital data, drug data and contracting and vendor data related to its participation in the federal 340B drug pricing program. The Maine Health Data Organization must post the report on a publicly accessible website.

Manufacturers participating in the Medicaid program provide a rebate to MaineCare and other Medicaid programs for covered drugs. The federal drug program under section 340B of the federal Public Health Service Act, 42 U.S.C. 256b requires drug manufacturers participating in the Medicaid program to also provide outpatient drugs to eligible organizations at significantly reduced prices. Drug manufacturers are not required to provide both a discounted 340B price and a Medicaid drug rebate for the same drug.

As outlined in the MaineCare Benefits Manual Chapter II, Section 90, Physician Services, 90.04-7, Drugs Administered in the Office Setting, MaineCare providers administering drugs must bill for acquisition cost only. This allows the state to benefit from any discounts the provider received when purchasing a medication for our member. Requiring the provider to bill for acquisition cost only offsets the loss of drug rebates because, if a MaineCare provider buys drugs at the 340B price, MaineCare cannot seek a rebate on that drug.

The data reporting requirements in LD 1395 would improve drug pricing transparency and provide another mechanism for MaineCare to verify that we are not seeking drug rebates on drugs that were purchased under 340B pricing.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions, please feel free to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michelle Probert'.

Michelle Probert
Director
MaineCare Services