Testimony of Sharon Anglin Treat
Member, Maine Prescription Drug Affordability Board
In Support of LD 697, "An Act to Clarify the Authority and Responsibilities
of the Prescription Drug Affordability Board to Reduce Prescription Drug Costs"
Committee on Heath Coverage, Insurance and Financial Services
March 13, 2025

Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Heath Coverage, Insurance and Financial Services. My name is Sharon Treat, and I am a resident of Hallowell. I am a member of the Maine Prescription Drug Affordability Board (or "Maine PDAB") and I am testifying as in support of LD 697, "An Act to Clarify the Authority and Responsibilities of the Prescription Drug Affordability Board to Reduce Prescription Drug Costs," sponsored by Senator Cameron Reny.

This legislation is sorely needed. For several years, the Maine PDAB has urged the Legislature to expand the scope of our responsibilities and provide some staff, as LD 697 would do. Without it, this volunteer board simply cannot effectively tackle one of the biggest cost drivers in the ever-rising cost of health care. Prescription drugs costs are burdening Maine's businesses, hospitals and clinics, as well as state employee and other public health insurance programs. The bottom line is these costs are a real impediment to Maine people being able to access the health care they need.

Drug costs out of control. In 2023, overall pharmaceutical expenditures in the United States grew by 13.6% compared to the previous year, reaching a total of $722.5 billion.[1] Prescription drug prices in the U.S. are significantly higher than elsewhere. According to a recent Rand study, U.S. prices were 278 percent of 33 other OECD countries' prices. This is an average that includes lower-cost generic drugs. Much of the cost of prescription drugs in the U.S. and in Maine is for brand-name drugs, however, which in 2022 accounted for only 7 percent of U.S. prescription drug volume but 87 percent of U.S. prescription drug spending. U.S. gross prices for brand-name drugs were 422 percent of prices in comparison countries; after adjusting for rebates paid by manufacturers, U.S. net prices for brand-name drugs were still over three times as high as prices in other countries. [2]

Maine data reflects these trends. According to the Maine Health Data Organization (MDHO), from July 1, 2022 to June 30, 2023, total drug utilization costs in the state were $3.3 *billion*, up from $2.7 billion the previous year. The aggregate cost for the 25 costliest drugs was nearly $992,841,245 for 2022-2023, up from $757,322,271 the previous year.[3] In a 2021 survey of 920 Maine adults, many reported difficulties affording prescription drugs over the previous 12 months. Cost concerns led

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[1] Tichy EM, Hoffman JM, Tadrous M, Rim MH, Cuellar S, Clark JS, Newell MK, Schumock GT. National trends in prescription drug expenditures and projections for 2024. Am J Health Syst Pharm. 2024 Jul 8;81(14):583-598. doi: 10.1093/ajhp/zxae105. PMID: 38656319.

[2] International Prescription Drug Price Comparisons Estimates Using 2022 Data, Rand Corp., by Andrew W. Mulcahy, Daniel Schwam, Susan L. Lovejoy (Feb 1, 2024), https://www.rand.org/pubs/research_reports/RRA788-3.html

[3] https://mhdo.maine.gov/tableau/prescriptionReports.cshtml#Dashboard2023

nearly one-third (30%) of Maine adults to not fill a prescription, cut pills in half or skip a dose of medicine.[4] Obviously, with costs continuing to rise, these concerns have not abated since 2021.

The federal Medicare program has started to address out-of-control costs, phasing in price negotiation with manufacturers for a "Maximum Fair Price" (MFP), starting with 10 drugs for 2026. This program will not directly affect drug prices paid by commercial insurance companies, individuals without insurance, or the state employee health insurance plan, however. To address the non-Medicare share of the market, other strategies are needed – and this is where state PDABs can make a difference.

Other state PDABs and drug affordability programs. When the Maine PDAB was established in 2019, its responsibilities and authority were limited to recommending annual spending targets for prescription drugs purchased by Maine public payers (MRS Title 5 Chapter 167-1). We have fulfilled this responsibility, but it has become clear to the Board that setting voluntary spending targets for public programs is an inadequate response to the high cost of prescription drugs. Not is this strategy ineffective in driving down public program costs, but it fails to address prescription drug costs throughout the health care system.

More can be done -- and other states are doing it.

According to a recent study by the Green Mountain Care Board commissioned by the Vermont Legislature,[5] there are eight PDABs or similar entities across the U.S. Only one has a budget of zero – Maine. While we have been loaned staff assistance by the Maine Office of Affordable Health Care (OAHC), the OAHC itself has limited staff and lacks dedicated personnel and funding to support an expanded scope of work for the PDAB. In contrast, the budgets of other state PDABs are substantial, almost all of them well over a million dollars annually. Even in neighboring New Hampshire, where the PDAB has limited responsibilities, the PDAB has an executive director and annual budget of $450,000. Although these programs are largely funded through general fund appropriations, Maryland and Vermont provide some funding for their prescription drug affordability programs with fees on manufacturers, PBMs, drug wholesalers and other industry participants. Some of Washington's PDAB budget comes from the insurance commissioner's regulatory account.

Commensurate with their budgets, other state PDABs have more comprehensive authority than in Maine. The PDABs in Colorado, Maryland, Washington, and Minnesota have the authority to set upper payment limits (UPLs) within the state for drugs found to be unaffordable following a thorough cost review. The Colorado PDAB has reviewed five drugs and found three to be unaffordable for Coloradan consumers (Enbrel, Cosentyx, and Stelara). Those drugs treat common autoimmune disorders, including arthritis. Colorado's PDAB will move forward with

[4] https://www.healthcarevaluehub.org/advocate-resources/publications/maine-residents-worried-about-high-drug-costs-support-range-government-solutions

[5] Green Mountain Care Board, Preliminary Report on Implementing a Vermont Prescription Drug Cost Regulation Program pursuant to Act 134 of 2024 (S.98), https://gmcboard.vermont.gov/document/preliminary-report-implementing-vermont-prescription-drug-cost-regulation-program-pursuant

setting its first state-wide UPL for Enbrel in March 2025. Maryland is conducting cost reviews on six drugs in 2025, including drugs for diabetes (Farxiga, Jardiance), diabetes and weight loss (Ozempic, Trulicity), and autoimmune disorders (Skyrizi and Dupixent). Currently, the Maryland PDAB is authorized to set an upper payment limit for public purchasers only.

Like Colorado, Washington and Minnesota have authority to set UPLs for public and private purchaser, but they have not yet selected drugs for review. Minnesota's PDAB is required to use the Medicare negotiated MFP as an upper payment limit should their Board set an upper payment limit for a drug for which an MFP is available. As the Green Mountain Care Board study reports, this may be an effective strategy to extend the benefits of federal drug price negotiations beyond Medicare to a state's population.[6] PDABs in other states are also reviewing other strategies including pharmacy benefit manager regulation, increased drug pricing transparency, addressing conflicts of interest in the drug supply chain, and working with the insurance regulators to limit out-of-pocket costs.

Unanimous board support. The Maine PDAB board members unanimously support this legislation and worked closely with Senator Reny to draft it. This bill would update the Maine PDAB's responsibilities. In consultation with its Advisory Council and technical committees, it would be tasked with recommending a framework and methodology for reducing the impact of prescription drug costs on Maine's health care system, stemming the rate of growth in prescription drug spending, and reducing cost barriers for consumers. The framework would be informed by drug spending data and analysis; include recommended implementation and enforcement strategies; and identify necessary funding and regulatory and legislative authority to address this issue long term.

We have an opportunity to learn from the experience in other states, who are a few years ahead of Maine in looking at more aggressive strategies to control drug costs. Our goal is to have an actionable plan with steps that can be implemented, and sufficient staff so that the effort isn't mere window-dressing.

I ask for your support in voting LD 697 "ought to pass."

[6] See discussion p.15-16