



Healthcare Distribution Alliance

HEALTH DELIVERED

March 13, 2025

Committee on Health Coverage, Insurance and Financial Services
Senator Donna Bailey, Chair
Representative Lori Gramlich, Chair
100 State House Station
Augusta, ME 04333

LD 697

***An Act to Direct the Maine Prescription Drug Affordability Board
Neither for Nor Against***

Dear Chair Bailey, Chair Gramlich, and Honorable Members of the Committee:

On behalf of our member companies and the pharmaceutical supply chain, the Healthcare Distribution Alliance (HDA) is neither for nor against but would like to share some supply chain perspectives regarding **LD 697, *An Act to Direct the Maine Prescription Drug Affordability Board***.

HDA is the national trade association representing pharmaceutical wholesale distributors, the vital link between more than 1,200 pharmaceutical manufacturers and more than 330,000 pharmacies, hospitals and other healthcare settings nationwide, including around 1,500 sites of care in Maine.¹ Distributors operate a unique role in the supply chain. They do not set list prices, determine reimbursements, or play any role in determining the amount patients pay for medicines. Rather, distributors are the logistical experts in the supply chain who ensure over 93% of products physically arrive to pharmacy shelves where and when patients need them.

While HDA is neither for or against this bill, because supporting a resilient pharmaceutical supply chain in Maine and across the nation is a top priority for HDA's members, we wished to share some considerations regarding the strategies the Prescription Drug Affordability Board would be tasked with assessing, should this bill advance:

- **State-level Upper Payment Limits**- an untested policy which has yet to achieve any savings to patients- overlooks the intricacies of the U.S. pharmaceutical supply chain, which operates on a national scale rather than being state-specific. Unfortunately, imposing a UPL on specific drug products can place in-state providers and healthcare entities in a precarious position, limiting both the purchase and reimbursement price of these products without consideration for the critical access challenges that Maine residents may experience in consequence of the costs

¹ As of 2023, the latest data available.

associated with purchasing, storage, compounding, monitoring, dispensing and administering these vital medications.

- **Maximum Fair Price (MFP)** as negotiated by Medicare cannot be copy and pasted to the state level. While MFP represents the most that Medicare will pay for a drug, it does not change the national "list price" of drugs sold in the U.S. Reductions in price to CMS will likely be achieved through rebates paid to Medicare and a number of other complicated steps that cannot be replicated at the state level- for example, Medicare is currently undertaking the creation of an entirely new supply chain entity to help facilitate payments and chargeback up and down the supply chain. Applying a state-level price ceiling does not adequately reflect how prescription drugs are bought and paid for in the U.S. and would place a cap on in-state purchases but not out-of- state purchases, ultimately limiting the ability of pharmacies, clinics or other points of care to recoup costs for administering or dispensing these products, which could result in sites of care being unable to stock these medications.
- Maine already conducts robust transparency requirements and data collection for the supply chain, as do various national data collection databases. HDA hopes the Board would recommend utilizing information already available to streamline workflows for both businesses and the state.

HDA would be happy to serve as a resource for the Committee or for the PDAB. Please contact Kelly Memphis- kmemphis@hda.org for any further discussion regarding the physical pharmaceutical supply chain in Maine.

Sincerely,



Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance