

March 27, 2025

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

RE: LD 1053 - An Act to Ensure That Rebates from Prescription Drug Manufacturers Are Passed on to Patients at Pharmacies

Dear Senator Bailey, Representative Gramlich and members of the HCIFS Committee:

On behalf of Harvard Pilgrim Health Care, a Point32Health company, I am writing to express our opposition to LD 1053 – An Act to Ensure That Rebates from Prescription Drug Manufacturers Are Passed on to Patients at Pharmacies. Harvard Pilgrim is a leading not-for-profit health and well-being organization that currently serves approximately 50,000 Maine fully-insured commercial members. We are committed to providing access to high-quality and affordable health care, improving the health and wellness of our members, and creating healthier communities through our health plans.

If passed, LD 1053 would require commercial insurers to remit all pharmacy rebates at point-of-sale. Pharmacy rebates are one of only a few tools health insurers have to lower costs for members. Insurers negotiate rebates as a way to reduce costs while simultaneously ensuring members have access to the treatments they need. While remitting pharmacy rebates at point-of-sale *may* lower the out-of-pocket costs for individuals prescribed rebated drugs, the savings may not be substantial enough to make a meaningful difference in the patient's out-of-pocket expenses. However, requiring pharmacy rebates to be remitted at point-of-sale will raise the cost of premiums for everyone.

Pharmacy rebates have a sizeable impact on member premiums. For Harvard Pilgrim, the inclusion of rebates in premiums reduces our Maine premium rates between 8 and 10 percent. If insurers are prohibited from using pharmacy rebates to offset premiums, the benefit members currently see in reduced premium rates will be completely eroded, leading to a significant increase in premium rates for everyone. And any increase in premiums specifically related to a point-of-sale rebate requirement does not include any potentially new additional administrative cost owed to our pharmacy benefit manager (PBM) to set up and manage this requirement for our Maine members.

Additionally, while the bill intends to lower out-of-pocket costs for members, it might inadvertently do the opposite. PBMs often use rebates to negotiate lower overall drug prices. Without rebates, negotiated prices might rise. It could also distort the market by reducing the flexibility PBMs and insurers have in managing formularies and negotiating prices. This could lead to higher drug prices overall, as PBMs and insurers might lose leverage in price negotiations with drug manufacturers.

It is also important to note that pharmaceutical rebates are based on estimates. The rebate a member receives at the pharmacy counter would be based on an estimate because we would not know what the true rebate amount will be until we are able to run utilization in the following year. We would then have to

reconcile the estimated rebate versus the actual rebate owed. This would be an administratively burdensome and complex process that would likely yield little further savings for the impacted members.

When calculating premium rates, insurers are estimating the cost of all medical care and prescription drugs based on previous years utilization. The estimated cost of all care is then spread across all premium payers. When an insurer negotiates and receives pharmacy rebates, the insurer should also be allowed to spread any rebate savings across all premium payers. It is essential that insurers retain the flexibility to determine how rebates are remitted based on specific membership populations.

Harvard Pilgrim appreciates the opportunity to provide comments on LD 1053. For the reasons described above, we respectfully urge you to find LD 1053 Ought Not to Pass as it will substantially and unnecessarily increase individual and employer health insurance premiums. Should you have any questions, please contact me at any time.

Sincerely,

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