

Mayor and Council Offices

Mark Dion

Mayor

March 27, 2025



Testimony of Mayor of the City of Portland, Mark Dion
In Opposition to

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

Before the Joint Standing Committee on Health Coverage, Insurance, and Financial Services

Senator Bailey, Representative Gramlich, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. My name is Mark Dion. I am the Mayor of Portland, and I write to state the City's opposition to **LD 1053, An Act to Ensure That Rebates from Prescription Drug Manufacturers Are Passed on to Patients at Pharmacies**. Portland, Maine's largest city, is home to nearly 70,000 Mainers, and the City is fully self insured.

LD 1053 would require that pharmaceutical manufacturer rebates be applied to offset member costs sharing at the point of sale, changing current law that requires carriers and pharmacy benefit managers (PBMs) to pass through any rebates to either reduce total plan/premium costs or reduce member cost sharing at the point of sale even though the vast majority of rebate dollar are used to reduce overall premium costs.

Although we applaud the intention of the proposal, LD 1053 would lower out-of-pocket costs for the small portion of consumers who are prescribed rebated drugs while increasing premiums for the vast majority of plan members, as those rebate dollars would no longer be available to reduce premiums across the board. The money that would now be going to those few who would benefit from a rebate has to come from somewhere - and it would come from increased premiums. This doesn't fundamentally save any prescription drug money - it just shifts where that money is coming from. Without those rebates to offset plan costs, premiums would increase by approximately 7-8 %.

Like other Maine employers, it is a challenge for the City to provide affordable health coverage to our employees and their dependents. As costs continue to rise, employers are forced to make tough choices about how to cover those costs, including through higher employee premium contributions, higher deductibles, additional employee cost sharing, or smaller wage increases.

For example, for calendar year 2024, the City would have experienced a 6.8%, or 1.6 million dollar, increase to our healthcare budget had similar legislation (LD 1165) passed in the 131st Legislature. This increase is in line with the statewide estimates of 7-8%.

An additional 7–8 % premium increase would present a significant challenge to the City and to our employees and their families.

For these reasons, the City of Portland opposes LD 1053 and we ask that you do as well.

Thank you for your time and your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Dion", with a large, sweeping flourish at the end.

Mark Dion
Mayor
City of Portland, Maine