

MAINE ASSOCIATION
OF
HEALTH PLANS

Testimony of Dan Demeritt – April 6, 2023
Joint Standing Committee on Health Coverage, Insurance, and Financial Services

In Opposition To

LD 1165: An Act to Enhance Cost Savings to Consumers of Prescription Drugs

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

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans (MeAHP). Our plans include Anthem Blue Cross and Blue Shield, Cigna, CVS / Aetna, Community Health Options, Harvard Pilgrim Health Care, and United Health Care. Our private and non-profit insurance carriers provide or administer health insurance coverage to about 600,000 Maine people.

Our mission as an association is to improve the health of Maine people by promoting affordable, safe, and coordinated healthcare.

I testify today in opposition to LD 1165.

Unrelenting growth in pharmaceutical expenditures is a significant driver in the cost of health insurance. We urge the committee to preserve plan design options that healthcare purchasers and health plans are using to lower the cost of premiums paid by Maine employers and their employees.

Pharmaceuticals are now the most expensive component of America's health care system, accounting for more than \$0.22 of every health care dollar spent.¹

In 2021 national spending on prescription drugs grew to \$603 billion or more than \$1,800 per capita. The growth in spending is driven by increases in utilization and expenditures – up 10.9% and 16%, respectively, over five years. A table with these figures accompanies my testimony.²

Current law requires that prescription drug benefits -- rebates, discounts, credits, or other direct or indirect financial benefits--be applied to lower costs. The compensation can be

¹ <https://www.ahip.org/resources/where-does-your-health-care-dollar-go>

² <https://aspe.hhs.gov/sites/default/files/documents/88c547c976e915fc31fe2c6903ac0bc9/sdp-trends-prescription-drug-spending.pdf>

remitted at the point of sale or to the carrier and be applied to plan design to lower premiums for the covered persons. This important plan design tool and choice should be left to the parties involved instead of being mandated by state law.

The two cost-saving options – lower premiums or point-of-sale reductions – were developed through comprehensive discussion in the 119th Legislature. The resulting statute also tasks carriers with providing the Superintendent of the Bureau of Insurance with an annual compliance report.

Additionally, health insurance carriers’ products, rates, and networks are subject to regulatory review and approval. The health plan pharmacy spending trend is also subject to disclosure and scrutiny as part of the annual rate review process.

LD 1165 strikes the phrase “lower premiums” from existing law and eliminates a tool healthcare purchasers and health plans can use to reduce insurance costs for Maine employers and their employees. We urge a vote of ought not to pass.

Table 1. Prescription Drug Expenditures (in Inflation Adjusted Dollars) and Prescriptions, 2016-2021

	Retail Expenditures Billions, \$	Retail Prescriptions Millions	Non-Retail Expenditures Billions, \$	Non-Retail Prescriptions Millions	Total Expenditures Billions, \$	Total Prescriptions Millions
2016	374	4,816	146	3,066	520	7,882
2017	369	4,923	151	3,097	519	8,020
2018	377	5,118	163	3,214	540	8,332
2019	389	5,243	173	3,486	562	8,729
2020	406	4,970	176	3,509	582	8,479
2021	421	5,089	182	3,654	603	8,743
% Change 2016-2021	12.5%	5.7%	25.1%	19.2%	16.0%	10.9%

Source: ASPE analysis of IQVIA National Sales Perspective (NSP) Data. All dollar amounts include an adjustment for inflation so they represent a “real dollar” as of quarter 1 of 2022.

