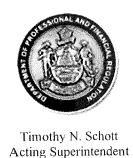


STATE OF MAINE DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION BUREAU OF INSURANCE



Anne L. Head DPFR Commissioner

TESTIMONY OF TIMOTHY N. SCHOTT

BUREAU OF INSURANCE

ACTING SUPERINTENDENT OF INSURANCE

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

Neither for nor Against L.D. 1165

An Act to Enhance Cost Savings to Consumers of Prescription Drugs

Presented by Representative Margaret Craven

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

April 6, 2023 at 1:00 p.m.

Senator Bailey, Representative Perry, and members of the Committee, I am Acting Superintendent of Insurance Tim Schott. I am here today to testify neither for nor against L.D. 1165.

This bill amends the section of the Health Plans that Provide Prescription Benefits¹ chapter of the Insurance Code involving prescription drug compensation remitted by or on behalf of a drug manufacturer, developer or labeler directly or indirectly to a carrier or pharmacy benefits manager (PBM).

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Phone: (207) 624-8475 TTY: Please Call Maine Relay 711 Consumer Assistance: 1-800-300-5000 Fax: (207) 624-8599

¹ 24-A M.R.S. §§ 4347-4350-E.

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Current law allows two compensation options: 1) it may be retained by the carrier, and

applied to plan design to offset premiums, or 2) it may be remitted directly to the consumer at

the drug's point of sale.

The bill proposes to eliminate the first option. According to the carrier/ PBM reports

filed annually with the Superintendent, some carriers use the second option, remittance at the

point-of-sale, but only in small percentages compared to the total compensation.

The bill also requires PBMs to file an annual report with the Superintendent to

demonstrate compliance with the section. This requirement is in addition to the current

requirement that carriers file an annual report on prescription drug compensation. We believe

this is duplicative because it would require both carriers and PBMs to report the same

information to the Superintendent whenever the PBM is under contract with a carrier.

Next, the bill adds a specific enforcement provision allowing the Superintendent to

impose civil penalties and enforcement actions pursuant to section 12-A against a carrier or

PBM that violates the section. This is redundant because the Superintendent already has such

powers in section 12-A.

Thank you, I would be glad to answer any questions now or at the work session.

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