



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



Janet T. Mills  
Governor

Anne L. Head  
DPFR Commissioner

Timothy N. Schott  
Acting Superintendent

**TESTIMONY OF TIMOTHY N. SCHOTT  
ACTING SUPERINTENDENT OF INSURANCE**

**BUREAU 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 Benefits<sup>1</sup> 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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<sup>1</sup> 24-A M.R.S. §§ 4347-4350-E.

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.

