



May 2nd, 2023

The Honorable Donna Bailey
The Honorable Anne Perry
Members, Committee on Health Coverage, Insurance and Financial Services
Cross Building, Room 220
100 State House Station
Augusta, ME 04333

**RE: LD 796, An Act Concerning Prior Authorizations for Health Care Provider Services;
Oppose**

Chair Bailey, Chair Perry, Members of the Committee,
My name is Sam Hallemeier, Director of State Affairs, and I am writing on behalf of the Pharmaceutical Care Management Association (PCMA) to oppose LD 796. PCMA is the national association representing America's pharmacy benefit managers (PBMs). PBMs administer prescription drug plans and operate mail-order and specialty pharmacies for more than 275 million Americans with health coverage through large employers, health insurers, labor unions, and federal and state-sponsored health programs.

PBMs exist to make drug coverage more affordable by aggregating the buying power of millions of enrollees through their plan sponsor/payer clients. PBMs help consumers obtain lower prices for prescription drugs through price discounts from retail pharmacies, rebates from pharmaceutical manufacturers, and using lower-cost dispensing channels. Though employers, health plans, and public programs are not required to use PBMs, most choose to because PBMs help lower prescription drug coverage costs.

PCMA is concerned that LD 796 would remove PBM tools, such as prior authorization and step therapy, to help ensure prescriptions are safe and appropriate. Section 4 of the bill would exempt health care providers who have an 80% rate of prior authorization approvals for health care provider services from prior authorization requirements, otherwise known as "gold carding." This means that Maine would be ok with patients receiving up to 20% of inappropriate care. PBMs recognize the importance of the provider-patient relationship in delivering health care services. However, ensuring that consumers have access to safe, effective, and affordable care is also an important goal of the healthcare delivery system. Utilization management tools such as prior authorization and step therapy are designed to achieve those goals, and this bill would severely limit a PBM and plan's ability to do so. PCMA predicts that step therapy and prior authorization have demonstrated more than 50% savings in targeted categories.¹ The proposed

¹ Yokoyama, et al., "Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy J Manag Care Pharm. 2007;13(3):235-244.



Maine legislation would seriously undermine the ability of PBMs to control drug costs, and as a result drug spending in Maine will soar. Although some of the provisions are subject to interpretation, enacting just the bill provisions discussed below could cost the state \$3 million in excess drug spending in the first year alone, and \$35 million over the next 10 years.

Many drugs can have harmful side effects or adverse interactions with other medications. Some drugs, such as pain medications or antipsychotics, have a high risk of abuse or overuse, so prior authorization is required to help ensure appropriate use. Likewise, specialty medications often have significant side effects and require patient education to be taken effectively, so they also often require prior authorization. Many drugs commonly appearing on prior authorization lists are heavily advertised directly to consumers or have off-label uses not approved by the Food and Drug Administration (FDA). Finally, PBMs and plans often have insight into a member's current medications and medication history to which a prescriber may not have access. Because of these reasons, PCMA has deep concerns about removing the checks and balances that prior authorization offers about safe prescribing.

The use of prior authorization and step therapy is guided by independent experts and plan sponsors through Pharmacy & Therapeutics Committees (P&T Committees). These P&T Committees are comprised of experts that include physicians, pharmacists, and other medical professionals, to develop evidence-based guidelines used in drug management programs, including prior authorization and step therapy. PBM clients then decide if and how prior authorization and step therapy will be applied to their health benefit plan. "Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching."² This process safeguards against prior authorization and step therapy being too restrictive.

In the interest of Maine patients and payers, we must respectfully oppose LD 796. Given the unique environment Maine citizens and plan sponsors find themselves in, now is not the time to increase the cost of providing reliable and affordable access to prescription drugs.

Sam Hallemeier

A handwritten signature in black ink, appearing to read "Sam Hallemeier".

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² "Making Medicines Affordable: A National Imperative," National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Maine LD 796 Will Increase Prescription Drug Spending by \$35 Million

The core mission of pharmacy benefit managers (PBMs) is to reduce prescription drug costs for health plan sponsors so that consumers have affordable access to needed prescription drugs. PBMs offer a variety of services to their health-plan-sponsor clients and patients that improve prescription adherence, reduce medication errors, and manage drug costs.

The proposed Maine legislation would seriously undermine the ability of PBMs to control drug costs, and as a result drug spending in Maine will soar. Although some of the provisions are subject to interpretation, enacting just the bill provisions discussed below could cost the state **\$3 million in excess drug spending** in the first year alone, and **\$35 million** over the next 10 years.

LD 796 would implement the use of Gold Carding

- Prior authorizations for prescription drugs are used to encourage the appropriate use of medications, reduce drug costs for patients and promote evidence-based drug utilization. This provision would allow healthcare providers with a certain rate of prior authorization approvals to be exempt from prior authorization requirements and receive a “gold card.” Gold carding would reduce patient safety by removing a vital checkpoint used to ensure the right patients are receiving the right drug at the right time.
- Prior authorization requirements promote the appropriate and cost-effective use of medications. Studies have demonstrated that prior authorization can generate savings of up to 50% for targeted drugs or drug categories.¹ Gold carding legislation would bypass this tool and create incentives to prescribe expensive drugs without considering equivalent options that may be more cost-effective. This tool is important in managing the rapidly growing use of high-cost specialty pharmaceuticals. Restricting the use of this tool would raise drug benefit costs for both patients and plan sponsors.

Projected 10-Year Increases in Prescription Drug Spending in Maine, 2023–2032

| | Fully Insured Group Market | Individual Direct Purchase Market | TOTAL INCREASE |
|------------------------|-------------------------------|--------------------------------------|----------------|
| (millions) | | | |
| Implement Gold Carding | \$27 | \$8 | \$35 |

Methodology: The methodology used to create these cost projections was that used in the January 2023 paper [“Increased Costs Associated With Proposed State Legislation Impacting PBM Tools.”](#)

1. [“Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,”](#) Prime Therapeutics, 2011. “