



53 Baxter Boulevard, Suite 202 | Portland, ME 04101
Phone 866-554-5380 | Fax 207-775-5727 | TTY 877-434-7598
aarp.org/me | me@aarp.org | twitter @aarpmaine
facebook.com/aarpmaine | instagram.com/aarpme

May 15, 2023

Testimony in Favor of LD 1829 An Act to Reduce Prescription Drug Costs by Requiring Reference Based Pricing

Greetings Senator Bailey, Representative Perry and members of the Committee on Health Coverage, Insurance and Financial Services I am Bridget Quinn, Associate State Director of Advocacy and Outreach for AARP Maine

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. On behalf of our more than 200,000 members statewide, thank you for the opportunity to share testimony

Today, many of Maine's older adults are struggling with the high cost of everyday items. The fact is many people are struggling to afford everything from groceries to gas while big drug companies are still charging Americans three times more for prescription drugs than in other countries. An AARP report in 2021 found that between 2019 and 2020, retail prices for 260 widely used brand name prescription drugs increased by 2.9 percent, more than two times faster than general inflation (1.3 percent) ¹

Mainers cannot keep up with the increasing prices of prescription drug costs. The good news is that due to the Federal Inflation Reduction Act (IRA) of 2022, some relief is coming to some Mainers. The IRA included provisions that will allow Medicare to negotiate the price of some prescription drugs. The first negotiated prices will take effect in 2026. The full roll out is

- 2026 A maximum of 10 drugs will be negotiated
- 2027 Another maximum of 15 drugs will be negotiated
- 2028 Another maximum of 15 drugs will be negotiated
- 2029 Another maximum of 20 drugs will be negotiated this year and every year after that ²

The Congressional Budget Office in their February 2023 "estimated that price negotiation will lower average drug prices paid by Medicare and will reduce the budget deficit by \$25

¹ Purvis, Leigh, and Stephen W. Schondelmeyer. Rx PriceWatch Reports. Washington, DC: AARP Public Policy Institute, various dates. <https://doi.org/10.26419/ppi.00073.000>

² <https://www.aarp.org/politics-society/advocacy/info-2022/medicare-drug-price-negotiations.html>

billion in 2031 Part D spending will be \$14 billion lower than it would have been, Part B drug spending will be \$9 billion lower, and other federal spending will be \$1 billion lower on net”³ This demonstrates the costs savings for both seniors and the Medicare program

LD 1829 will allow more Mainers to benefit from the IRA provisions by referencing prescription prices from the IRA’s Maximum Fair Price The bill will apply the reference price to commercial and state purchasers and ERISA plans that choose to opt in The costs saved are required to be passed on to consumers and insurers must demonstrate how they did so

It is impossible to determine exactly how much Maine would save by passing LD 1829, however we can get an idea Last session, the legislature passed LD 1636 which required the Maine Health Data Organization to determine an international reference price for the costliest and most prescribed prescriptions in Maine The now available report states that if Maine had used an international reference price, based on prices paid in Canada for the same drugs, there was a potential savings of \$146.7 million for 72 drugs with a reference rate ⁴

All Mainers deserve to benefit as much as possible from the historic IRA provisions that will allow Medicare to negotiate prices and set Maximum Fair Prices Thank you for the opportunity to testify today We urge this committee to vote ought to pass on LD 1829

Bridget Quinn
AARP Maine

³ <https://www.cbo.gov/system/files/2023-02/58850-IRA-Drug-Provs.pdf>

⁴ <https://mhdo.maine.gov/RxReferenceRates.htm>

The AARP logo is located in the bottom right corner of the page. It consists of the letters 'AARP' in a stylized, bold, sans-serif font. The letters are white with a black outline, and they are set against a dark, irregular background that resembles a shadow or a textured surface.