

MAINE ASSOCIATION
OF
HEALTH PLANS

Testimony of Dan Demeritt 5/15/23
Joint Standing Committee on Health Coverage, Insurance, and Financial Services

In Opposition to LD 1816
An Act Requiring Reference-based Pricing to Reduce Prescription Drug Costs

and

LD 1829
An Act to Reduce Prescription Drug Costs by Requiring Reference-Based Pricing

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 member health 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.

The excessive cost of prescription drugs is one of the key contributors to inflation in health care and one of the biggest challenges insurance carriers face when trying to keep premiums affordable. We understand the objective of LDs 1816 and 1829, and our association supports efforts to control the rising costs of prescription drugs.

We oppose penalizing carriers for the misconduct of drug manufacturers not making prescription drugs on the target list available in Maine at reference-based prices.

The Maine Health Data Organization reports annually on prescription drug costs and utilization in Maine at retail and mail-order pharmacies. The report for the year ending June 30, 2022, tells us that prescription drug spending increased by 6.6% despite a 1.8% decrease in the number of prescriptions filled.

The \$2.762 billion we spent on prescriptions last year amounts to \$2,000 for every Mainer.¹

The objective of LDs 1816 and 1829 is to achieve parity between the costs paid for some prescription drugs by consumers with private insurance and those protected by Medicare's new authority to negotiate drug prices.

¹ <https://www.comparemaine.org/?page=rx-costs#Dashboard2021>

Our concern with L D s 1816 and 1829 is that both bills seek to punish health insurance plans for the actions of drug manufacturers. These bills place the burden and the punishment on carriers for paying more than the reference price without restricting the ability of a drug manufacturer to charge more than the reference price. If the legislature is interested in regulating the price of prescription drugs, it should regulate the amount charged, not the amount paid, and punish drug manufacturers that charge more than that amount.