HEALTHCARE PURCHASER ALLIANCE OF MAINE

Testimony of Trevor Putnoky

to the Joint Standing Committee on Health Coverage, Insurance and Financial Services

Neither for Nor Against

LD 1793, An Act to Ensure Access to and Coverage of Low Cost Insulin

February 13, 2024

Good afternoon, Senator Bailey, Representative Perry, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services.

My name is Trevor Putnoky. I'm the President and CEO of the Healthcare Purchaser Alliance of Maine and I'm here today to testify neither for nor against LD 1793.

The Healthcare Purchaser Alliance of Maine (HPA) is a nonprofit that represents the employers and public entities that purchase health care for their members in Maine. Our mission is to advance healthcare affordability, quality, and access. We have over 60 members, and collectively, they spend over a billion dollars annually providing health care for nearly one quarter of the commercially insured population in the state. About one quarter of that total is spent on prescription drugs for employees and their families.

The HPA has worked on several strategies to lower prescription drug costs and improve affordability in Maine, including promoting transparent, pass-through PBM models that can significantly lower costs for both employers and plan members by eliminating practices like spread pricing. While we support efforts to further improve drug affordability, we are concerned about policies that give preference to patients with certain conditions or diseases, because lowering costs for patients with one type of disease state simply shifts those costs from one group of Mainers to another—all of whom are struggling to keep up with ever-increasing medical and prescription drug costs.

Under LD 1793, for example, eliminating cost sharing for some diabetes patients does not lower the cost of the drug. Instead, the plan would become responsible for the entire cost of those insulin prescriptions, with those additional costs needing to be covered through higher premiums, higher deductible, or additional cost sharing for all other employees and their families.

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In 2020, Maine enacted legislation to make insulin more affordable for diabetes patients by capping out-of-pocket costs at $35 for a 30-day prescription. That cap already provides out-of-pocket protections that are not available to many other patients who also grapple with serious medical conditions and face out-of-pocket prescription drug expenses, including those fighting cancer, MS, IBD, and rheumatoid arthritis. What is the rationale to prioritize diabetic patients over patients with other diseases, who will see their costs rise in order to lower costs for those with diabetes?

Most Maine employers and employees are struggling to keep up with the ever-increasing cost of medical care and prescription drugs. Average family premiums in Maine increased by over 30 percent between 2017 and 2022.[1] And average individual deductibles have increased by over 50 percent during that time, to the point where Mainers now have the highest average individual deductible in the entire country.[2]

With out-of-pocket cost protections already in place for insulin patients, and Mainers continuing to struggle with high premiums and rising deductibles, we are concerned with policies such as those proposed in LD 1793 that single out one disease state for preferential treatment, and which come at the expense of everyone else. Unless overall costs are reduced, policies that ease costs for some individuals merely increase the burden on others in their health plan—including many Mainers who, like diabetics, have serious health conditions that require costly prescription drugs.

To address the very real prescription drug cost challenges facing Maine people, our organization believes that the Legislature should instead focus on systemic fixes that benefit all plan members. One such policy that we believe could be effective at lowering prescription costs for consumers would be to eliminate the practice of spread pricing, whereby consumers and purchasers pay a margin on drugs beyond the PBM's acquisition cost. Another policy we feel would be effective is to mandate that PBMs provide plan sponsors with drug specific rebate data for their plan so that they can effectively pursue lowest-net-cost formularies.

Thank you for the opportunity to provide HPA's feedback. I'd be happy to answer any questions and will be available for the work session.

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[1] Kaiser Family Foundation, Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance, 2017-2021. Available at: https://www.kff.org/other/state-indicator/family-coverage/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

[2] Kaiser Family Foundation, Average Annual Deductible per Enrolled Employee in Employer-Based Health Insurance for Single and Family Coverage, 2021. Available at: https://www.kff.org/other/state-indicator/average-annual-deductible-per-enrolled-employee-in-employer-based-health-insurance-for-single-and-family-coverage/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Average%20Single%20Deductible%22,%22sort%22:%22desc%22%7D.