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 2114, An Act to Improve Patient Access to and Savings from Generic Drugs and Biosimilars

February 20, 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 2114.

The Healthcare Purchaser Alliance of Maine (HPA) is a nonprofit that represents the purchasers of healthcare in Maine. Our mission is to advance healthcare value and to support and incentivize high-quality, affordable care. We have over 60 members, including some of the largest public and private employers and health trusts in Maine. Collectively, our members spend over a billion dollars annually providing health care for nearly one quarter of the commercially insured population in the state. Over 25 percent of that total is spent on prescription drugs.

We agree with Senator Jackson that increased access and utilization of generic and biosimilar drugs can help reduce the ever-rising costs of prescription drugs and make prescriptions more affordable for Maine consumers and employers. In fact, our members routinely place biosimilar and generic drugs on lower formulary tiers, where they are available at lower copays or coinsurance than their brand equivalents. This enables their employees and dependents to procure essential medications at more affordable prices and reduces overall plan costs by encouraging utilization of the most cost-effective drug option.

While we wholeheartedly agree with the objectives of LD 2114, we hope the committee will consider some modifications which we believe could help avoid some unintended consequences in the bill as written. Specifically, the bill requires drugs to be compared—and placed on different formulary tiers—based on their wholesale acquisition cost, or WAC. However, a drug's wholesale acquisition cost is essentially a "list price" and doesn't take into account any rebates or other negotiated discounts associated with that drug, which can sometimes bring the net cost of a brand drug below the cost of its generic equivalent. Because of this, we believe brand and generic drugs should be compared based on their ***net*** cost, including any rebates or other discounts, not based on their wholesale acquisition cost. Without factoring in rebates and other discounts, a brand drug with a lower net cost than its generic equivalent could end up on a higher tier.

We also hope to clarify another provision in the bill prohibiting prior authorizations, step therapies, or other limitations on generics and biosimilars. We believe that the language would prohibit generics and biosimilars from being subjected to limitations that are more restrictive than the limitations applied to their brand equivalent. If the intent is to prohibit ***any*** such limitations on generics and biosimilars, we would be concerned, as there are some circumstances where prior authorizations or step therapies may be appropriate, even for generics or biosimilars, as there could be less expensive treatments or alternative classes of drugs that may make sense for patients to try prior to being prescribed a certain biosimilar.

Thank you for the opportunity to provide HPA's feedback on LD 2114 and thank you to Senator Jackson for his continued commitment to reducing the costs of prescription drugs for Maine consumers and employers. I'd be happy to answer any questions and will be available for the work session.