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Testimony In Opposition to LD 697

An Act to Direct the Maine Prescription Drug Affordability Board to Assess Strategies to Reduce Prescription Drug Costs and to Take Steps to Implement Reference-based Pricing

March 13, 2025

Senator Bailey, Representative Gramlich, and Members of the Health Coverage, Insurance, and Financial Services Committee.

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans. Insurance coverages offered or administered by our member plans provide access to care and better outcomes for many of the Mainers who receive coverage through an employer plan or the individual market. Our mission is to improve the health of Maine people by promoting affordable, safe, and coordinated health care.

According to information reported by the Maine Health Data Organization, \$2.635 billion was spent on prescriptions in 2023 across 13.7 million pharmacy claims for commercial insurance, MaineCare, and Medicare. This amounts to \$1,875 for every Mainer.¹² Now accounting for \$0.24 of every dollar we spend on health care; policy makers and stakeholders are right to be looking for ways to reduce the growth of prescription drug spending.³

The Maine Association of Health Plans supports solutions focused on reducing what pharmaceutical manufacturers charge for their products and the tactics they deploy to increase demand and reduce access to effective, more affordable generics and biosimilars.

However, to the extent LD 697 focuses on assessing strategies that limit what health plans can pay for medically necessary treatments, set spending limits that could prevent access to care, and limit cost sharing for prescription drugs, it puts Maine on the wrong path.

Analysis of Key Sections of LD 697

Sec. 1. 5 MRSA §2041(2) Membership: We support adding the executive director of the Maine Health Data Organization (MHDO) to the Board as a nonvoting member and the proposal preventing representatives of the pharmaceutical manufacturers from serving on the Board.

Sec. 3. 5 MRSA §2041(10) Advisory council: We recommend adding at least one commercial payer to the Board's advisory council to provide access to carrier expertise and perspective based on a nomination from a statewide association representing health plans.

¹ https://mhdo.maine.gov/pdf/MHDO%20Rx%20Transparency%20Report%20240202_pm.pdf, p.6

² <https://www.census.gov/quickfacts/fact/table/ME/PST120224>, accessed 3/12/25

³ https://ahiporg-production.s3.amazonaws.com/documents/202410-AHIP_HealthCareDollar.pdf, provided

Sec. 5. 5 MRSA §2042(1-A)(C): A review of strategies is sensible but should be focused on what is driving health care costs higher – the prices charged by manufacturers. Upper payment limits, annual spending targets for the state-regulated commercial market, regulation of supply chain entities, and limiting out-of-pocket costs in the rate review process led by the Maine Bureau of Insurance does not address the practices of manufacturers or the prices they charge.

The strategies in this section would infringe on the proprietary operations of private companies and potentially limit access to medically necessary treatment if manufacturers refuse to make their products available at the prices set by a Board with no enforcement authority over pharmaceutical companies.

Limits on out-of-pocket expenses can have downstream impacts, like causing premiums to increase at a faster rate, driving-up cost shares for other benefits, and decreasing affordability.

Sec. 5. 5 MRSA §2042, 1-B Other states' experiences: Colorado, Minnesota, Maryland, and Washington have enacted legislation intending to give their prescription drug affordability boards the authority to set upper payment limits.⁴ There are still unanswered questions about the legal authority and unintended consequences of these initiatives that we need to understand.

We support looking at the drivers of prescription drug spending as well as the experiences of other states and suggest that the Office of Affordable Health Care is the appropriate entity to lead the review.

Sec. 5. 5 MRSA §2042(2) Prescription drug spending data: MHDO is Maine's trusted partner and resource for collecting data, provides transparent access to comprehensive health information data, and already collects data on prescription drug spending. We strongly oppose granting additional data collection authority to the Board—the MHDO should be the source of the data.

Sec. 5. 5 MRSA §2042(5) Rulemaking: New rules adopted by the Board should be major substantive rules subject to Legislative review process to give the Legislature the opportunity to oversee the policies to be adopted or implemented.

Sec 6. Affordability Program: The legislation calls for a January 30 report to HCIFS on any recommendations (Sec 5. 5MRSA §2042(4)). The section also provides the Committee with the authority to report out legislation based on the report. It is premature and presumptuous to establish an affordability program prior to a review of the recommended strategies.

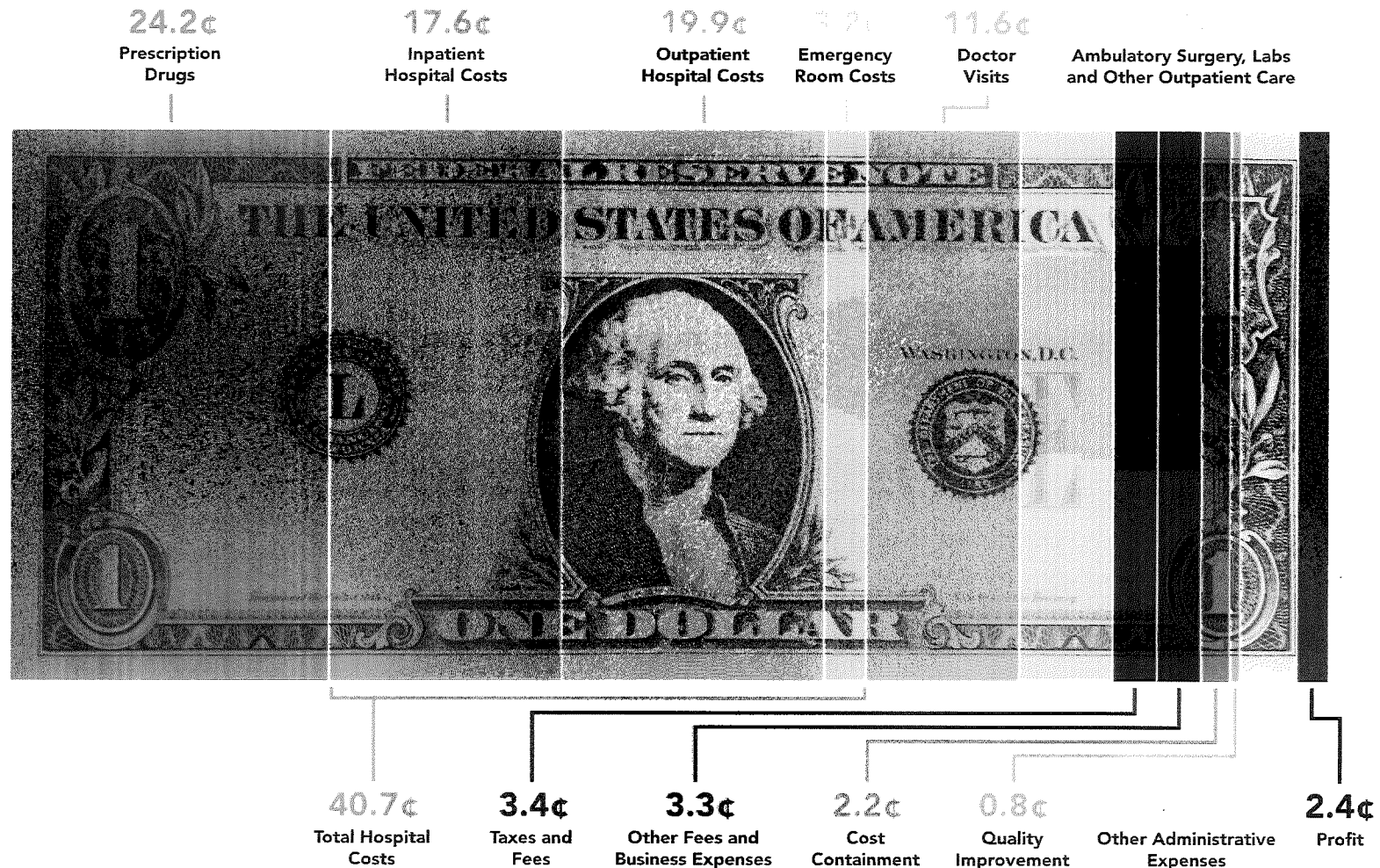
We urge a vote of ought-not-to-pass on LD 697 as proposed and appreciate the Committee's consideration of the concerns of our members.

⁴ <https://www.healthaffairs.org/content/forefront/unanswered-questions-and-unintended-consequences-state-prescription-drug-affordability>

Where Does Your Health Care Dollar Go?

Your premium is how much you pay for your health insurance coverage each month. It helps cover the costs of the medications and care you receive and improves health care affordability, access and quality for everyone.

Here is where your health care dollar really goes.



This data represents how your commercial health plan premiums pay for medical care, as well as related services and essential operations. This data includes employer-provided coverage as well as coverage you purchase on your own in the individual market. Data reflects averages for the 2020-22 benefit years. Totals may not add up to 100% due to rounding.

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