



Meg Garratt-Reed, Executive Director  
Office of Affordable Health Care

March 13<sup>th</sup>, 2025

Senator Donna Bailey  
Representative Kristi Mathieson  
Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services  
Cross Building, Room 220  
100 State House Station  
Augusta, ME 04333

Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services;

Thank you for the opportunity to testify today. I am Meg Garratt-Reed, Executive Director of the Office of Affordable Health Care.

I am providing testimony neither for nor against L.D. 697, in order to provide additional information about the Office of Affordable Health Care's role supporting the Prescription Drug Affordability Board.

Maine's Prescription Drug Affordability Board was established by P.L. 2021, c. 459, "An Act To Establish the Maine Prescription Drug Affordability Board." The law directs the Board to determine annual spending targets for prescription drugs purchased by public payors, determine spending targets on specific prescription drugs that may cause affordability challenges to enrollees in a public payor health plan, and determine which public payors are likely to exceed the spending targets. The Board is further directed to work in consultation with each public payor to determine methods for the public payor to meet the spending targets established.

When the Board was established, it was supported through the Office of Employee Health and Wellness within the Department of Administrative and Financial Services. When the Office of Affordable Health Care was created by law in 2022, the Office was directed to provide staff support to the Board, and responsibility for administration was fully transferred from DAFS to the Office in 2024. During 2024 and 2025, the Office has supported the Board to conduct its statutory duties by developing topical meeting agendas in collaboration with the Chair and members, preparing presentations, inviting and coordinating guest speakers for meetings, as well as organizing a survey of public purchasers to collect up-to-date information about membership, drug cost trends, and vendors.

The Office's work to support the Board in its mission happens in parallel with the Office's wider statutory mandate to track and analyze health care costs and propose solutions to improve the affordability, accessibility, and efficiency of Maine's health care system. That broader mission includes assessing the impact of spending on prescription drugs, at both a systemic and an individual consumer level, given the

role of drug costs as a contributing factor to rising health care costs and an acute affordability challenge for many Maine patients.

Given the breadth of its charge, the Office undertook a lengthy and considered process with the Advisory Council on Affordable Health Care to identify priorities for its work in the immediate future. During that process, the group organized potential focus areas into multiple domains of policy, including one addressing prescription drug prices, and evaluated those domains against three considerations: (1) alignment with the Office's mandate; (2) feasibility, considering legal and political context; and (3) opportunity to add expertise beyond existing resources within state government. Ultimately, the Office and Advisory Council used this process to identify three priority policy areas for 2025: Aligning Incentives to Promote Efficiency and Quality, Provider Market Oversight and Competition, and Regulating Commercial Prices for Health Services.

Addressing prescription drug prices was not selected because of concerns about the feasibility of potential policy initiatives, in light of the limitations of states' authority to regulate complex national and international supply chains and reimbursement structures, as well as the many recent actions taken by the legislature in this area, including enacting a drug importation program, establishing licensure and fiduciary standards for PBMs, and requiring greater transparency of drug cost and reimbursement data. That decision also aligns with the Office's commitment to considering implementation and operational factors when assessing policy, and focusing on opportunities with the greatest potential to deliver results for consumers. Even without selecting drug prices as an area of immediate focus, however, staff of the Office continue to stay apprised of new efforts to address prices; to learn from colleagues in other states attempting to implement programs, including upper payment limits; and to monitor the evolving federal regulatory landscape.

In order to support additional work associated with the reporting required in this bill, and to address the Board's desire to have dedicated staff, the Office does anticipate a fiscal note for L.D. 697 to, at minimum, add two positions focused on staffing the Board. Additional resources may also be needed to manage data collection, storage, and management, unless the bill is amended to align those responsibilities with the Maine Health Data Organization, which has existing infrastructure for those activities and is already collecting several of the data elements outlined.

The Office of Affordable Health Care will continue to support the Board in fulfilling its duties, whether as currently enacted or as envisioned in this bill, alongside its work with the Advisory Council on Affordable Health Care and other stakeholders to analyze the drivers of unsustainable health care costs and enact policies that will be most effective in providing relief to consumers.

Thank you for your time, and I welcome any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Meg Garratt-Reed".

Meg Garratt-Reed, Executive Director  
Office of Affordable Health Care