HEALTHCARE
PURCHASER
ALLIANCE
OF MAINE

Testimony of Trevor Putnoky
to the Joint Standing Committee on Health Coverage, Insurance and Financial Services

In Opposition to

LD 627, An Act to Require Insurance Coverage for Glucagon-like Peptide-1 Receptor Agonist Medication

March 20, 2025

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

My name is Trevor Putnoky and I'm the President and CEO of the Healthcare Purchaser Alliance of Maine. The HPA is a nonprofit that represents the purchasers of health care in Maine. Our mission is to advance and support access to 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 one-quarter of that total—or more than $225 million annually—is spent on prescription medications.

I'm here today to testify in opposition to LD 627. Like those who favor mandated coverage of GLP-1s for weight loss, the HPA agrees that these drugs can help reduce obesity and the many related conditions that can affect patient health and be expensive to treat. But at the same time, we are also acutely aware of the struggles of Maine consumers and employers who are increasingly unable to afford health care. Given that, we cannot support a coverage mandate that could increase healthcare premiums in Maine by more than 10 percent, making care even less affordable for hundreds of thousands of Mainers. Yes, LD 627 would make GLP-1s more accessible to eligible patients, but it would do so at the expense of Maine employers and consumers who would have to shoulder the increased premium costs associated with the mandate. Those costs would not be absorbed by carriers. Carriers simply pass those costs on to their customers.

Impact of a GLP-1 Mandate on Healthcare Costs

Approximately 38 percent of adults under age 65 with commercial health insurance meet the FDA's clinical criteria for GLP-1s for weight loss.[i] And among our employer members who cover GLP-1s for weight loss, we have seen utilization more than triple each year since 2020. Based on these factors, we believe that, on average, about 10 percent of individuals in plans covered by this mandate would utilize GLP-1s for weight loss. This would represent about one-quarter of those eligible under FDA guidelines.

At 10 percent utilization, a plan's employer and employee pharmacy costs would increase 48 percent, or $103 per member per month.[ii] To be clear, that is not the additional monthly cost associated with just those plan members using GLP-1s for weight loss; it is the additional cost for each and every employee and dependent on a plan. That translates into $2,464 per employee annually. So, for a Maine business—or school district or municipality—with 100 employees, LD 627 would increase their annual healthcare premiums (medical and pharmacy) by approximately $250,000—a 12 percent increase. And that's on top of the substantial premium increases—in many instances double digit increases—that employers are already facing this year.

We would also emphasize that, if utilization continues to grow at the same pace we've seen over the past few years, costs may be even higher than estimated here. Nationwide, the number of individuals using GLP-1s for weight loss grew over 700 percent from 2019 to 2023.[iii] Our Maine employer members who cover GLP-1s for weight loss experienced a more than 3000 percent increase over that same time period. And because GLP-1s for weight loss are maintenance drugs, with numerous studies finding that patients must continue to take to maintain that weight loss,[iv] we don't expect individuals to stop taking the medication when they hit their weight loss goal. One study, for example, found that, within 12 months of ending treatment, patients regained two-thirds of their prior weight loss, on average.[v]

Some will say that manufacturer rebates and downstream savings from improved health outcomes will offset some of these additional costs. And while these factors would mitigate costs to some extent, LD 627's impact on healthcare premiums would still be substantial.

Specifically, while these drugs have the potential to reduce costs of other obesity-related conditions, a 2024 study by the Congressional Budget Office found that such savings would not come close to offsetting costs of covering GLP-1s under Medicare.[vi] And that's assuming an average annual per-patient GLP-1 cost to Medicare of only $467 per month, which is only 36 percent of the average price that employers and employees in employer-sponsored plans in Maine pay for GLP-1s. Even after taking into account potential savings from rebates, the price used in the CBO analysis is still only about 60 percent of what Maine employers and employees pay for GLP-1s.

And while health benefits increase over time, any savings from those improved health benefits do not come close to offsetting the costs of GLP-1s. Even after a coverage mandate has been in place for nine years, CBO estimates that savings from improved health outcomes would offset just 14 percent of Medicare's GLP-1 costs for weight loss.[vii] And while the study noted that net costs would decline in future years—as the price of GLP-1 drugs decline and savings from improved health outcomes grow—it concludes that the costs of covering GLP-1s for weight loss for Medicare would still exceed savings over the first 19 years of coverage.

Even if plans recoup some of the costs of GLP-1s in the form of manufacturer rebates, LD 627 would still substantially increase costs to Maine employers and their employees and dependents. While drug-specific rebate information is not readily available, it appears that rebates for Wegovy and Zepbound could offset up to 40 percent of GLP-1 costs for weight loss.[viii] Assuming 10 percent utilization, this would result in an annual per employee cost increase of about $1,478. For a Maine business—or municipality or school district—with 100 employees, that translates into nearly $150,000 in additional costs per year.

But while rebates may lower the unit cost of a GLP-1 drug, they often come with strings attached that ultimately would increase plan costs. Specifically, if a plan tries to manage its GLP-1 costs by limiting eligibility to those with BMIs above 35, for example, or requiring patients to complete a series of visits with a nutritionist prior to accessing a GLP-1, the plan may lose some or all of its GLP-1 rebates.[ix] This rebate "Catch 22" discourages employers who might otherwise be willing to consider a targeted approach to GLP-1 weight loss coverage, as any savings from lower utilization would be offset by having to pay the full unit price for each GLP-1 prescription.

Given this cost impact, it's not surprising that only about 1 in 5 individuals insured in the commercial market nationwide are on plans that cover GLP-1s for weight loss.[x] Moreover, smaller employers—who would be most impacted by LD 627—are less likely to offer coverage than large employers.[xi] According to Kaiser Family Foundation, just 1 percent of ACA marketplace plans covered GLP-1s for weight loss in 2024.[xii]

Nor—as best we can determine—have mandates such as the one proposed in LD 627 been enacted in any other states. Last year, 13 state legislatures considered bills to mandate GLP-1 coverage for weight loss. Over half of those bills would have mandated Medicaid coverage, with the remainder focused on state employee health plans or the commercial market overall. As best we can determine, only two of those bills became law, mandating coverage of GLP-1s for weight loss in state employee plans in Florida and Illinois.[xiii]

LD 627

The cost impacts presented thus far are based on a GLP-1 mandate that would be based on FDA eligibility guidelines. LD 627, in contrast, would cap member cost sharing (including copays, coinsurance, and deductibles) at $35 per month and also appears to prohibit any sort of prior authorization processes, such as requiring members to participate in a weight loss program in conjunction with GLP-1 use. Further, the bill does not reference FDA eligibility guidelines, which suggests that any member with a provider's prescription—regardless of their weight—would be entitled to coverage under LD 627's mandate.

These provisions would take what is already a budget-busting mandate proposal and likely double or triple the impact on premium. The cost sharing cap alone would provide out-of-pocket protections that are not available to patients who grapple with other serious medical conditions and often face significantly higher out-of-pocket prescription drug expenses, including those fighting cancer, MS, IBD, and rheumatoid arthritis. What is the rationale to prioritize GLP-1s for weight loss over patients with other diseases, who will see their costs rise in order to lower costs for those using GLP-1s, particularly if some of those individuals do not even meet the FDA's clinical guidelines for these medications?

As concerning as these provisions are, amending LD 627 to remove them would not make this bill affordable for Maine employers or consumers. As detailed earlier in my testimony, even using FDA eligibility guidelines and assuming 10 percent utilization, this bill would increase premium costs by $103 per member per month—or about $200 per employee per month.

Healthcare Affordability Crisis in Maine

Lastly, it is essential to keep in mind that this mandate would not be imposed in a vacuum. After years of rising healthcare costs, affording care is already a daily struggle for many Maine employers and families. Here in Maine, employer-sponsored premiums grew by 30 percent between 2018 and 2023,[xiv] and national data indicate premiums rose another 7 percent in 2024.[xv] These rising costs have eaten into wage increases,[xvi] and led to more cost sharing, and higher deductibles for Maine families. In fact, Maine currently has the eighth highest average individual deductibles in the country.[xvii] If enacted, LD 627 would undoubtedly force many Maine employers to raise deductibles even more.

Small employers—who make up the vast majority of businesses in Maine and would comprise most of the employers covered by this mandate—have been particularly hard hit, as have their employees. A 2024 national survey found over half of small businesses have responded to rising healthcare costs by increasing employee contributions to health plans and nearly half have moved to plans with more limited coverage. Almost three in ten have cut other employee benefits and 24 percent have stopped offering health insurance altogether.[xviii]

And it's not just Maine employers who are grappling with rising healthcare costs; families in our state are also struggling to cover the costs of health care. A recent survey of Mainers revealed the extent of those struggles, with 38 percent of Mainers reporting that they skipped or delayed going to the doctor when they were sick due to costs. And nearly one-third struggled to pay for basic necessities like food, heat, or housing due to medical bills. Not surprisingly, nearly half (45 percent) of Maine households have medical debt.[xix]

Mandating coverage of GLP-1s would exacerbate this affordability crisis at a time when many Mainers are already foregoing care and struggling financially due to cost. As I mentioned at the beginning of my testimony, the costs of a GLP-1 mandate will not be paid by insurance carriers. The full cost will be passed onto employers and employees in the form of higher premiums, deductibles, and copays. Many of our members would like to provide GLP-1 coverage for weight loss, but they simply cannot afford the additional costs. Nor do they want to shift those additional costs onto employees and their families, who already have had to absorb higher deductibles and larger copays and coinsurance. We hope that as more options become available, the price of GLP-1s will decrease and make these drugs a more affordable coverage option. But with Maine consumers and employers already struggling to afford health care, we cannot support a coverage mandate that could increase premium costs to Maine employers and families by more than 10 percent.

Thank you for the opportunity to share the HPA's feedback on LD 627. I'd be happy to answer any questions and will be available for the work session.

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[i] BMI of 30 or above or a BMI of 27 or above with at least one other related health issue. Matthew McGough, Justin Lo, Delaney Tevis, Matthew Rae, and Cynthia Cox, "How many adults with private health insurance could use GLP-1 drugs," *Peterson-KFF Health System Tracker*, September 5, 2024. Available at: https://www.healthsystemtracker.org/brief/how-many-adults-with-private-health-insurance-could-use-glp-1-drugs/.

[ii] For purposes of determining costs at different utilization rates, premiums would increase by $10.27 per member per month for each 1 percent increase in utilization.

[iii] Elizabeth Mahase, "GLP-1 agonists: US sees 700% increase over four years in number of patients without diabetes starting treatment," *BMJ*, 2024;386:q1645

[iv] David Cox, "What happens when you stop taking weight-loss drugs? *BBC*, May 21, 2024. Available at: https://www.bbc.com/future/article/20240521-what-happens-when-you-stop-taking-ozempic.

[v] Wilding JPH, Batterham RL, Davies M, et al., "Weight regain and cardiometabolic effects after withdrawal of semaglutide: The STEP 1 trial extension," Diabetes Obes Metab. 2022;1-12. doi:10.1111/dom.14725. Available at: https://discovery.ucl.ac.uk/id/eprint/10149199/1/Diabetes%20Obesity%20Metabolism%20-%202022%20-%20Wilding%20-%20Weight%20regain%20and%20cardiometabolic%20effects%20after%20withdrawal%20of%20semaglutide%20.pdf.

[vi] Congressional Budget Office, *How Would Authorizing Medicare to Cover Anti-Obesity Medications Affect the Federal Budget?* October 2024. Available at https://www.cbo.gov/system/files/2024-10/60441-medicare-coverage-obesity.pdf.

[vii] Because research on the effects of GLP-1s on healthcare spending is not yet available, CBO based its savings estimates on two types of comparable research: (1) Observational studies on the impact of bariatric surgery on healthcare-related spending, and (2) microsimulation studies that have linked BMI and healthcare spending.

[viii] "GLP-1 Medications for Weight Loss: Board of Trustees Meeting," North Carolina Department of State Treasurer, January 25, 2025. Available at: https://www.shpnc.org/media/3391/download?attachment.

[ix] Ibid and "What Brokers and Employers Need to Know About GLP-1s," SmithRx, Julary 24, 2024. Available at: https://www.smithrx.com/blog/what-brokers-and-employers-need-to-know-about-glp-1s.

[x] "U.S. Population Trends Return to Pre-Pandemic Norms as More States Gain Population," *U.S. Census Bureau*, December 19, 2023. Available at: https://www.census.gov/newsroom/press-releases/2023/population-trends-return-to-pre-pandemic-norms.html, and Health Insurance Coverage in the United States: 2023, *U.S. Census Bureau*, September 10, 2024. Available at: https://www.census.gov/library/publications/2024/demo/p60-284.html#:~:text=In%202023%2C%20most%20people%2C%2092.0,America%20Counts%20Story, and Amina Niasse, "Weight-loss drug coverage rises among largest US employers, Mercer survey finds," *Reuters*, November 20, 2024. Available at: https://www.reuters.com/business/healthcare-pharmaceuticals/weight-loss-drug-coverage-rises-among-largest-us-employers-mercer-survey-finds-2024-11-20/, and Chad Terhune, "Medicaid fuels US coverage of Novo, Lilly weight-loss drugs," November 18, 2024. Available at: https://www.reuters.com/business/healthcare-pharmaceuticals/medicaid-fuels-us-coverage-novo-lilly-weight-loss-drugs-2024-11-18/.

[xi] "Employer Health Benefits: 2024 Annual Survey," Kaiser Family Foundation, October 9, 2024. Available at: https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2024-Annual-Survey.pdf.

[xii] Justin Lo and Cynthia Cox, "Insurer strategies to control costs associated with weight loss drugs," *Peterson-KFF Health System Tracker,* June 12, 2024. Available at: https://www.healthsystemtracker.org/brief/insurer-strategies-to-control-costs-associated-with-weight-loss-drugs/#Share%20of%20ACA%20Marketplace%20plans%20including%20GLP-1%20agonists%20in%20formularies.

[xiii] "Prescription Drug Legislation Database." *National Conference of State Legislatures*, https://www.ncsl.org/health/prescription-drug-legislation-database. Accessed 6 Feb. 2025.

[xiv]"Average Annual Single Premium per Enrolled Employee for Employer-Based Health Insurance, Kaiser Family Foundation, Accessed February 20, 2025. Available at: https://www.kff.org/other/state-indicator/single-coverage/?activeTab=graph&currentTimeframe=0&startTimeframe=10&selectedRows=%7B%22states%22:%7B%22maine%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

[xv] "Annual Family Premiums for Employer Coverage Rise 7% In 2024," *Health Affairs*, October 11, 2024. Available at: https://www.healthaffairs.org/content/forefront/annual-family-premiums-employer-coverage-rise-7-2024.

[xvi] Bob Herman, "The Cost of health insurance is skyrocketing, and it's a big reason you aren't getting much of a raise," *Business Insider,* August 5, 2019. Available at: https://www.businessinsider.com/the-cost-of-health-insurance-is-skyrocketing-and-eating-wages-2019-8.

[xvii] Kaiser Family Foundation, *Average Annual Deductible per Enrolled Employee in Employer-Based Health Insurance for Single and Family Coverage*, 2023. 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&selectedDistributions=average-family-deductible--average-single-deductible&sortModel=%7B%22colId%22:%22Average%20Single%20Deductible%22,%22sort%22:%22desc%22%7D.

[xviii] Small Business Majority, "Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions," February 21, 2024. Available at: https://smallbusinessmajority.org/sites/default/files/research-reports/poll-small-businesses-struggling-with-healthcare-costs.pdf.

[xix] Digital Research Inc., *Examining Views Toward Health Care in Maine: Preliminary updated survey results,* Consumers for Affordable Health Care, January 2025.