

STATEMENT



In Support of ME LD 1053 (Cloutier)

3-26-2025

Position: The Pharmaceutical Research and Manufacturers of America (PhRMA) supports LD 1053, which will make medicines more affordable for patients by sharing 100% of negotiated rebates with Maine patients at the pharmacy counter.

Net prices for brand medicines have increased at or below the rate of inflation for the past five years and are projected to decline by up to 4% annually through 2028.ⁱ Unfortunately, it doesn't feel that way for patients because health insurers are increasingly using deductibles and coinsurance, which result in patients paying the full list price for their medicines, even as their pharmacy benefit managers (PBMs) and insurers receive significant discounts. Patients should benefit directly from negotiated rebates and discounts when filling their prescriptions.

PhRMA is increasingly concerned that the substantial rebates and discounts paid by pharmaceutical manufacturers, approximately \$356 billion in 2024,ⁱⁱ do not make their way to offsetting patient costs at the pharmacy counter. For example, in a report issued by the Maine Bureau of Insurance in December of 2024, carriers reported that they, or their contracted PBMs, received directly or indirectly from pharmaceutical manufacturers, developers, or labelers a total of \$148,736,199 in the 2023 calendar year.ⁱⁱⁱ Carriers minimally passed this remuneration on to patients at the point of sale: ranging from 0% to 6.5%,^{iv} a decrease in remuneration passed on to patients in the 2022 calendar year, where carriers passed on 0% to 11%.^v Conservatively, that means that in Maine, at least 93.5% of revenue derived from manufacturers did not offset patient cost-sharing at the pharmacy counter.

The nation's largest health insurance company and PBM, United Healthcare / OptumRx, has data showing that employers who have opted to share discounts with patients at the point of sale have seen positive results. These results include saving people an average \$130 per eligible prescription and increasing patient adherence by up to 16%.^{vi} Over 10 years, passing through rebates could reduce overall health care spending by \$8 billion, including a \$1.5 billion reduction in patient out-of-pocket costs, or on average \$500 per person per year. Black and Hispanic Americans are estimated to see the largest reductions in combined medical and medicine health care costs— saving 6% and 9% of combined health care costs, respectively.^{vii}

The use of deductibles and coinsurance in pharmaceutical cost-sharing has increased rapidly over the last decade and creates affordability challenges for many patients.^{viii} In this time

period, patient out-of-pocket costs have substantially outpaced payments made by health plans.

Many patients with commercial health insurance are required to share in the cost of their prescription medicines. The cost to patients is often much higher than the cost to their insurance company – for the same medicine on the same prescription. That’s because health insurance companies and PBMs negotiate significant rebates and discounts on the cost of the medicine and do not share these savings with patients when filling their medicines. According to research from the Berkeley Research Group (BRG), about half of total spending on brand medicines—the sum of all payments made at the pharmacy or paid on a claim to a health care provider—went to the supply chain and other entities in 2023.^{ix} According to the study, in 2023 manufacturers retained only 49.9% of brand medicine spending while members of the supply chain retained 50.1%.^x

At the same time, patients are forced to pay more out-of-pocket for their medicines due to an increase in deductibles and the use of coinsurance. Deductibles require patients to pay based on the drug’s full list price, and not the discounted price paid by their PBM or insurer, before insurance coverage kicks in. And unlike copays, which are a fixed dollar amount charged per prescription, coinsurance requires patients to pay a percentage of the medicine’s undiscounted list price. This situation is unique to health insurance coverage of prescription medicines, and it penalizes patients who need medicines the most. Right now, patients receive the benefit of negotiated discounts when sharing in costs for doctor or hospital visits, but they do not always receive the same benefits for prescription drugs.

Commercial health plans have increased patients’ average out-of-pocket cost-sharing for brand medicines by over 50% in some therapeutic areas since 2015. Between 2017 and 2021, commercially insured patients’ out-of-pocket costs for brand medicines increased 10% for depression medicines, 21% for HIV medicines, and 56% for cancer medicines.^{xi} The share of patient out-of-pocket drug spending attributable to coinsurance has more than doubled over the past 10 years, while the share attributable to deductibles has tripled.^{xii}

For Maine patients with high deductibles and coinsurance, access to negotiated discounts at the pharmacy could produce substantial annual savings without a significant increase in premiums.

Traditionally, pharmaceutical rebates provided to health plans and PBMs are not shared directly with patients. Despite what health insurance companies claim, sharing the rebate savings with consumers will not drastically increase premiums. Studies have shown that passing prescription drug rebates to patients will have minimal impact on health insurance premiums and can provide \$100s - \$1000s of savings for patients with high prescription drug out-of-pocket costs.^{xiii}

West Virginia, Indiana, and Arkansas have each enacted a new state law requiring rebate pass through to patients. In Arkansas, which requires insurers and PBMs to share 100% of the savings they negotiate on medicines directly with patients, a review of 2024 insurance rate filings indicates that plans are passing through drug rebates to patients at the pharmacy counter and that there has been no material impact on premium rate increases for Arkansas.^{xiv} Another recent study produced

similar findings in Indiana.^{xv} Now, at least nine other states are considering adopting similar changes to state law, including Massachusetts.

Sharing negotiated rebates with patients at the pharmacy counter can help lower costs, improve adherence, and reduce health disparities.

Health insurers continue to shift costs to patients, despite evidence that high cost sharing can lead patients to ration their medicines or not fill their prescriptions, resulting in worse health outcomes for patients and higher health care costs overall. A 2019 analysis of medicine spending and affordability found that 9% of all new prescriptions were abandoned at retail pharmacies because patients could not afford the cost -sharing.^{xvi} The rate of new prescriptions abandoned at the pharmacy went up to 45% when the cost was over \$125 and 60% when the cost was over \$500.^{xvii}

Lowering patients' costs at the pharmacy counter can improve health outcomes and generate savings through improved adherence. Better use of medicines could eliminate \$213 billion in U.S. health care costs annually, amounting to 8% of the nation's health care costs.^{xviii}

By lowering patient out-of-pocket costs, LD 1053 will help Maine patients better access, afford, and adhere to their medicines. For these and the above reasons, PhRMA urges Maine legislators to support LD 1053.

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research companies, which are laser focused on developing innovative medicines that transform lives and create a healthier world. Together, we are fighting for solutions to ensure patients can access and afford medicines that prevent, treat and cure disease. Over the last decade, PhRMA member companies have invested more than \$800 billion in the search for new treatments and cures, and they support nearly five million jobs in the United States.

ⁱ IQVIA. "Use of Medicines in the U.S. 2024: Usage and Spending Trends and Outlook to 2028." Published May 2024.

ⁱⁱ Fein, A. "The 2025 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers," Drug Channels Institute. March 2024.

ⁱⁱⁱ Maine Bureau of Insurance. "2023 Annual Report on Prescription Drug Compensation for the Benefit of Covered Persons." December 2024.

^{iv} Maine Bureau of Insurance. "2022 Annual Report on Prescription Drug Compensation for the Benefit of Covered Persons." June 2023.

^v Maine Bureau of Insurance. "2023 Annual Report on Prescription Drug Compensation for the Benefit of Covered Persons." December 2024.

^{vi} Optum, Jun 2019. *Point of Sale Discounts Mean Lower Costs*; UnitedHealth Group, Successful Prescription Drug Discount Program Expands to Benefit More Consumers at Point-of-sale, March 2019.

^{vii} Global Data. "The Impact of Sharing Manufacturer Rebates for Oral Anti-Diabetic Medications at the Point of Sale with Patients in the Commercial Market." March 11, 2022.

^{viii} IQVIA Institute for Human Data Science. *Medicine spending and affordability in the United States.* August 2020.

^{ix} BRG: *The Pharmaceutical Supply Chain, 2013–2023.* January 2024.

^x *Id.*

^{xi} PhRMA. *Faced with high cost sharing for brand medicines, many commercially insured patients with chronic conditions use manufacturer copay assistance.* February 2023. https://phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Refresh/Report-PDFs/G-I/IQVIA-Condition-Specific-Report_Feb-2023.pdf.

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- ^{xii} Claxton G, Levitt L, Long M. Payments for Cost Sharing Increasing Rapidly Over Time. Peterson-Kaiser Health System Tracker. April 2016.
- ^{xiii} Ding, Y. Miller, G.E. "The Impact of Sharing Drug Rebates at the Point of Sale on Out-of-Pocket Payments for Enrollees in Employer-Sponsored Insurance." International Society for Pharmacoeconomics and Outcomes Research, Inc. September 13, 2022; Jonaitis, E., Klein, M., Petroske, J. "Measuring the Impact of Point of Sales Rebates on the Commercial Health Insurance Market." Milliman. July 2021.
- ^{xiv} Klein, Michelle; Holzer, Hanna. *Premium Impacts of POS Rebate Implementation in the ACA Market in the State of Arkansas.* Milliman. January 2024.
- ^{xv} Robb, Michelle; Holzer, Hanna. *Premium Impacts of POS Rebate Implementation in the ACA Market in the State of Indiana.* Milliman. January 2025.
- ^{xvi} IQVIA. Medicine Spending and Affordability in the U.S. August 4, 2020. <https://www.iqvia.com/insights/the-iqvia-institute/reports/medicine-spending-and-affordability-in-the-us>.
- ^{xvii} Ibid.
- ^{xviii} IMS Institute for Healthcare Informatics. Avoidable costs in US healthcare: the \$200 billion opportunity from using medicines more responsibly.