



MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

60 Community Drive | Augusta, ME 04330-9486

March 27, 2025

Senator Donna Bailey
Representative Lori Gramlich
Members of the Committee on Health Coverage, Insurance and Financial Services

Dear Senator Bailey, Representative Gramlich, and Members of the Committee:

On behalf of the Maine Municipal Employees Health Trust, I am providing testimony **in opposition to LD 1053, *An Act to Ensure That Rebates from Prescription Drug Manufacturers Are Passed on to Patients at Pharmacies.***

The Maine Municipal Employees Health Trust was founded in 1983 with the goal of containing healthcare costs while maintaining quality benefit programs and providing superior service. The Trust is a non-profit, self-insured organization, governed by Trust participants. We are a Multiple Employer Welfare Arrangement (MEWA) regulated by the Bureau of Insurance, and therefore we would be subject to this bill.

At the present time, over 480 Maine municipalities, counties, and quasi-municipal organizations participate in one or more of the Health Trust's medical plans. This represents over 20,000 employees, retirees and dependents, located in every county in Maine.

LD 1053 would have a substantial impact on Maine municipalities and our members. The bill seeks to repeal an option in existing law allowing prescription medication rebates paid by a pharmaceutical manufacturer to be directed to a plan sponsor, if not directly provided to a covered individual. The flexibility in the current law works well. These significant pharmacy rebate funds are used to lower overall premiums for all members.

Under the current contractual agreement with our third-party administrator, Anthem, and the pharmacy benefits manager (PBM) CarelonRx, MMEHT receives a pass through of all rebates received, which is used to offset the rapidly increasing trend in pharmacy costs. Pharmacy costs for the Trust increased by an average of 14.5% per year for the last five years.

For 2025, the MMEHT budget includes \$18.1 million in rebates from pharmaceutical manufacturers. These funds are utilized directly to lower premiums for our members. The Trust estimates that if LD 1053 eliminates our ability to collect rebate funds, premiums for the members we serve will need to increase immediately by an average of **7.9%** to make up for the lost revenue, on top of other annual premium adjustments required. These costs would be borne directly by employees, retirees and by the property taxpayers of the participating municipalities, who would need to pay the additional cost of the benefits.

LD 1053 would mandate that the rebate funds provided by pharmaceutical manufacturers be utilized only at the point-of-sale to lower costs for plan participants, with the objective of increasing affordability. However, it would actually have the opposite effect. Under LD 1053 as written, a very small percentage (less than 2%) of our members who utilize the “rebatable” brand name drugs would receive a small benefit at point-of-sale to pay their copays. However, all members would lose the benefit of the excess rebate revenue currently captured and used to keep premium costs down.

Furthermore, the negative impact of this bill would compound over time, as it would reduce the Trust’s ability to encourage utilization of generic and lower cost medications, in cases where more affordable options are equally as effective. There would be little incentive for members who utilize expensive brand name medications to move to an equivalent generic or biosimilar drug if they pay no cost share. It would also leave unused another available resource to lower participants’ costs – coupons paid for by the manufacturers.

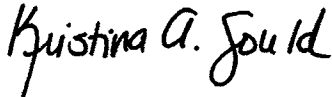
During the 131st Legislature, the committee considered amending a similar bill, LD 1165, to require that any excess rebates not used to defray member costs would revert to the plan, to reduce total premium costs. While this amendment was an improvement on the original bill, we could not support it. It would still have increased premiums by almost 2%, and it did nothing to address the counterproductive incentive to remain on the more expensive drugs, as described above.

The Trust is very concerned about current unsustainable pharmacy trends and affordability for our members, and we appreciate that the Committee shares these concerns. However, LD 1053 does not address the main culprit impacting affordability – the high cost of medications. Rather, it would eliminate our ability to capture available rebate funds from the manufacturers and remove an important tool that employers and healthcare purchasers, such as the Health Trust, utilize to mitigate increasing costs and lower premiums for all.

We strongly encourage you to vote **Ought Not To Pass** on this legislation, to preserve Maine health plans’ flexibility to utilize available rebate funds to the benefit of all members.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Kristina A. Gould". The signature is written in a cursive, flowing style.

Kristina A. Gould
Director, Health Trust Services