



March 27, 2025

TO: Joint Standing Committee on Health Coverage, Insurance & Financial Services

RE: MEA Benefits Trust's Opposition to LD 1053 An Act to Ensure That Rebates from Prescription Drug Manufacturers Are Passed on to Patients at Pharmacies

Testimony of Jennifer Kent, Executive Director of the Maine Education Association Benefits Trust

Greetings Senator Bailey, Representative Gramlich and members of the Committee on Health Coverage, Insurance & Financial Services. My name is Jennifer Kent, and I am the Executive Director of the Maine Education Association Benefits Trust (MEABT), a not-for-profit employee welfare benefit plan dedicated to the health of Maine public school employees and their families. Our plan offers health insurance to approximately 68,000 active and retired educators, administrators, support staff and their dependents in the K-12 schools throughout Maine.

The MEABT is committed to provide our members with the best health and wellness plans at affordable rates. One of the ways we can do this is by applying the value of pharmacy rebates across all plan participants to significantly lower premium costs for all members covered under our health insurance plans. The passing of LD 1053 would remove the provision that allows pharmacy rebates to be applied to offset premium costs and **would negatively impact the Trust's total premium by an additional 9.31%** based on our July 1, 2025 renewal. Meaning the rates that are going into effect this July, which are already higher than we've experienced in decades, would need to be 9.31% higher than current to cover the shortfall in rebate savings. Any increase in the MEABT rates will also have an impact on the State budget because the State's contribution (currently 60%) for non-Medicare retirees is calculated based on the premiums charged to the active participants.

The MEABT health plans provide a tiered prescription drug plan with the lowest copay being \$10 and the highest copay currently being \$85, which is reserved for high-cost specialty medications. It is important to note that only 8% of the MEABT's total prescription utilization generates a rebate. LD 1053 limits rebates to the point of sale and therefore will limit the scope of plan participants that would be positively impacted by the rebate value that is generated by our plan. Current data indicates only 7,025 unique MEABT members generate a rebateable pharmacy claim. This means only 12.2% of our covered participants would receive the modest benefit (elimination of co-pay) contemplated under LD 1053. Additionally, we are very concerned where the value of the balance of the rebate generated will go once the member's copay is reduced to zero. Will that then be forfeited, and the manufacturer will benefit rather than the members?

The Trust has worked hard over the years to keep increases in medical premiums as low as possible for our members, the school districts, and the taxpayers. By removing the Trust's ability to apply pharmacy rebates broadly to all members under the plan, we will be forced to look at other mechanisms to offset

the negative impact to premiums. This will likely result in cost shifting to plan participants through higher deductibles, coinsurance and/or increases to medical and pharmacy copays for everyone.

The MEABT respects the Committee's desire to address the healthcare affordability issue, however we urge the Committee not to pass LD 1053 due to the negative impact to premiums for all MEA Benefits Trust school districts, members, and taxpayers. Thank you for the opportunity to provide the MEA Benefits Trust's feedback. I'd be happy to answer any questions the committee may have and may be reached via email at jkent@meabt.org or by phone at 207-650-3552.