



## **Testimony in Opposition to**

### **LD 1053, An Act to Ensure That Rebates from Prescription Drug Manufacturers Are Passed on to Patients at Pharmacies**

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**March 27, 2025**

Senator Bailey, Representative Gramlich and distinguished members of the Health Coverage, Insurance and Financial Services Committee, my name is Kim Cook and I am an attorney with Government Strategies, testifying in opposition to LD 1053 on behalf of Community Health Options. Community Health Options is Maine's nonprofit CO-OP health insurance company and exists for the benefit of its Members and its mission which is to provide affordable, high-quality benefits that promote health and wellbeing.

As this committee is aware, the rising cost of prescription drugs is an increasing burden on consumers, employers and health plans alike. While this proposal may appear to benefit consumers, it would instead lead to increased premium costs for people across Maine. The solution proposed in LD 1053 does not address the root of the problem: high prices for brand name drugs set by pharmaceutical manufacturers. A recent study found that "spending growth on drugs was largely due to growth in spending per prescription, and to a lesser extent by increased utilization (i.e., more prescriptions).<sup>1</sup> This bill would simply shift costs among those with state-regulated health coverage.

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<sup>1</sup> Parasrampur, S. and Murphy, S. Trends in Prescription Drug Spending, 2016-2021. Washington, DC: Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. September 2022 available at <https://aspe.hhs.gov/sites/default/files/documents/88c547c976e915fc31fe2c6903ac0bc9/sdp-trends-prescription-drug-spending.pdf#:~:text=On%20average%2C%20there%20was%20a%207%20percent,primary%20driver%20of%20increased%20retail%20drug%20spending.>



Six years ago, the Legislature enacted LD 1504, An Act To Protect Consumers from Unfair Practices Related to Pharmacy Benefits Management which, among many other provisions, required that manufacturer rebates go either directly to the consumer at the point of sale or to the carrier where the entire amount must go to offset premium costs. In the 131<sup>st</sup> Legislature, this Committee considered LD 1165, An Act to Enhance Cost Savings to Consumers of Prescription Drugs which proposed the same amendments as LD 1053 does this year. A bipartisan majority of this committee voted ONTP on LD 1165. The minority OTP-A report contained a fiscal note showing a \$2 million annual cost to the State Employee Health Plan.<sup>2</sup>

Maine's current law recognizes the mechanics of health insurance markets and ensures that manufacturer rebates benefit all consumers by reducing premiums. Today, 100% of the pharmacy rebates that Health Options receives are used to reduce premiums for everyone regardless of their health status.

Thank you for considering our testimony. We respectfully urge the Committee to vote Ought Not to Pass.

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<sup>2</sup> LD 1165 minority report, fiscal note available at [https://legislature.maine.gov/legis/bills/bills\\_131st/fiscalpdfs/FN116502.pdf](https://legislature.maine.gov/legis/bills/bills_131st/fiscalpdfs/FN116502.pdf)