

April 16, 2025

RE: Testimony IN SUPPORT - LD 180, An Act Regarding the Interactions of Pharmacy Benefit Managers and So-called 340b Entities and Reimbursements by Pharmacy Benefits Managers to Pharmacies

Dear Senator Bailey, Representative Mathieson and members of the Insurance and Financial Services Committee:

My name is Matthew Marston, I am a resident of Otis, the Chief Pharmacy Officer for Northern Light Health and the Immediate Past President and Legislative Liaison for the Maine Society of Health System Pharmacists. Today I am submitting testimony on behalf of the Maine Society of Health System Pharmacists, an organization that has more than 300 members statewide and primarily represents individual Pharmacists, Technicians and students who practice in a health-system setting. I am submitting this testimony on behalf of the Maine Society of Health-System Pharmacists (MSHP) in support of LD 180.

Imagine you are running a business where for your customers to be able to do business at your store, you are forced to accept payment for less than what it cost you to actually buy your product. How many of you would be interested in operating such a business? And what if I told you that the same organizations that sets these "take it or leave it contracts" to underpay their competition operate their own businesses selling the same goods and services at rates much higher than what they pay their competition and dictate through their insurance network that the customers have to use their store in order to avoid paying higher rates out of pocket? This isn't fiction. This is the reality of the retail pharmacy industry today thanks to Pharmacy Benefit Managers.

You might ask yourself how this type of business model could even be legal? In fact the Federal Trade Commission is asking this very question themselves and have published two quite extensive reports outlining the anticompetitive trade practices of PBMs.

Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies | Federal Trade Commission

FTC Releases Second Interim Staff Report on Prescription Drug Middlemen | Federal Trade Commission

LD 180 addresses many of these anticompetitive practices outlined in the FTC reports, including:

- The reimbursement of unaffiliated pharmacies at rates less than what they reimburse their own pharmacies that are in direct competition.
- Setting of reimbursement rates at less than the national average drug acquisition costs (NADAC) for prescription drugs in order to drive competing pharmacies out of business

You will hear from PCMA that PBMs lower prescription drug costs and that this proposed legislation will increase the cost to plan sponsors. There are however numerous examples in which States have held PBMs accountable for these unfair business practices leverage substantial savings. Maine should join the ranks of others who have decided to say enough is enough. Local Maine pharmacies have suffered long enough at the hands of these drug middlemen and deserve a chance to compete in a market that is not set against them from the start.

STATES THAT PASS PBM REFORM SEE SIGNIFICANT SAVINGS

\$54 million

And a little over \$6 per individual prescription saved by West Virginia in the first year that they removed PBMs from their state Medicaid plan

\$224.8 million

Pocketed by PBMs in 1 year through spread pricing alone (of the \$2.5 billion that's spent annually through PBMs on Medicaid prescription drugs) - found by the Ohio State Auditor

\$500 million

Savings California expects after dropping their PBM, CVS Caremark (cutting prescription drug costs 10-15%)

\$42 million

Amount Louisiana PBMs retained due to incorrectly listing it as "medical costs."

\$123.5 million

A Kentucky PBM made in 1 year through spread pricing alone

\$72 million

Pocketed by PBMs in spread pricing alone - found by Maryland state Medicaid report

\$64 million

Amount PBMs overcharged Michigan Medicaid by manipulating drug prices

\$29 million

Pocketed by PBMs in spread pricing alone - found by a Virginia state-commissioned report on Medicaid

\$1.2 million

Saved by Louisiana by switching to a pass-through PBM model

\$1.41 to \$2.86 billion

Pennsylvania state auditor found that between 2013 and 2017, the amount that taxpayers paid to PBMs for Medicaid enrollees more than doubled

Immense profit at detriment of all others

New York Legislative committee investigated PBM practices and found "PBMs often employ controversial utilization and management tools to **generate revenue for themselves in a way that is detrimental to health plan sponsors, patients, and pharmacies**"

18-109xs profit

Amount PBM-affiliated pharmacies are making over the typical community pharmacy on brand name drugs found by a Florida report on their Medicaid managed care program. Additionally, they found PBMs steered patients with high-cost, high-profit prescriptions to their own pharmacies and charged higher prices.

Access Links Here: [H246 Facts](#) [PBM Reform Savings](#) [PBM Facts v2](#)

Sincerely,

Matthew Marston, PharmD, MBA, FACHE, BCPS

Immediate Past President

Legislative Liaison

Maine Society of Health-System Pharmacists