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Testimony in Opposition to Sponsor's Amendment to LD 180
An Act Regarding Reimbursements by Pharmacy Benefits Managers to Pharmacies
April 16, 2025

Senator Bailey, Representative Mathieson, and Members of the Health Coverage, Insurance, and Financial Services Committee.

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans. Insurance coverages offered or administered by our member plans provide access to care and better outcomes for many of the Mainers who receive coverage through an employer plan or the individual market. Our mission as an association is to improve health by promoting affordable, safe, and coordinated health care.

The sponsor's amendment to LD 180 requires Maine employers and consumers to pay more for prescription drugs by setting an artificial, state-regulated floor under what health insurance carriers or their pharmacy benefits managers can pay for prescription drugs.

Nearly 9-in-10 respondents to a 2025 survey by Consumers for Affordable Health Care supported policies that would address the rising costs of prescriptions.¹ The never-below-NADAC floor LD 180 would set for prescription drugs would be a step in the wrong direction.

Negotiated Rates May Be Lower Than National Average Drug Acquisition Cost (NADAC)

Negotiated rates are the prices that pharmacies agree to provide for prescription drugs through negotiations inclusive of discounts and rebates. Restricting the ability of health plans to negotiate rates advantages providers at the expense of premium payers and prescription drug consumers.

NADAC May Not Reflect Lowest or Accurate Costs

NADAC relies on pharmacies to self-report their drug acquisition costs through surveys that may be subject to data lag, incomplete data submissions, and reliance on voluntary pharmacy participation. Additionally, this self-reported data often does not take into account off invoice discounts available to pharmacies.

Medicare Negotiations: \$1.5 Billion in Out-of-Pocket Savings in 2026

The prices that private health plans and PBMs negotiate for prescription drugs is proprietary. Nevertheless, we can share that the Medicare Drug Price Negotiation Program is expected to save \$6 billion through new, negotiated lower prices on ten of Medicare's most costly and used

¹ <https://drive.google.com/file/d/1of-aZWztHbCJDGZODeqoWEVvYcokHw41/view>, slide 35

medications. My testimony includes a fact sheet showing how these prescription drug negotiations will produce \$1.5 Billion in out-of-pocket savings next year.²

100% of Pharmacy Rebates Returned to Purchasers and Members

Maine Law provides that all pharmacy rebates agreed to in negotiations with pharmacies must be returned to members in lower premiums or at the point of sale. According to the Bureau of Insurance, nearly \$150 million in Prescription Drug Compensation was received from carriers in 2023 and returned to members and employers.³

Statutorily Required Questions and Carrier Answers

- 1) The total amount in Rx rebates the company, as a carrier¹, or a pharmacy benefits manager (PBM) that the carrier contracts with, received directly or indirectly from any pharmaceutical manufacturer, developer or labeler:

Carrier A	\$65,542,877
Carrier B	\$450,170
Carrier C	\$3,126,832
Carrier D	\$49,858,027
Carrier E	\$17,732,439
Carrier F	\$6,765,915
Carrier G	\$109,564
Carrier H	\$325,634
Carrier I	\$4,750,587
Carrier J	\$74,154

Thank you for your consideration. We urge a vote of Ought Not To Pass on LD 180.

² <https://www.cms.gov/files/document/fact-sheet-negotiated-prices-initial-price-applicability-year-2026.pdf>

³ <https://www.maine.gov/pfr/sites/maine.gov.pfr/files/inline-files/2023-Annual-Report-Prescription-Compensation.pdf>, p. 1

New Lower Drug Prices Under the Medicare Drug Price Negotiation Program

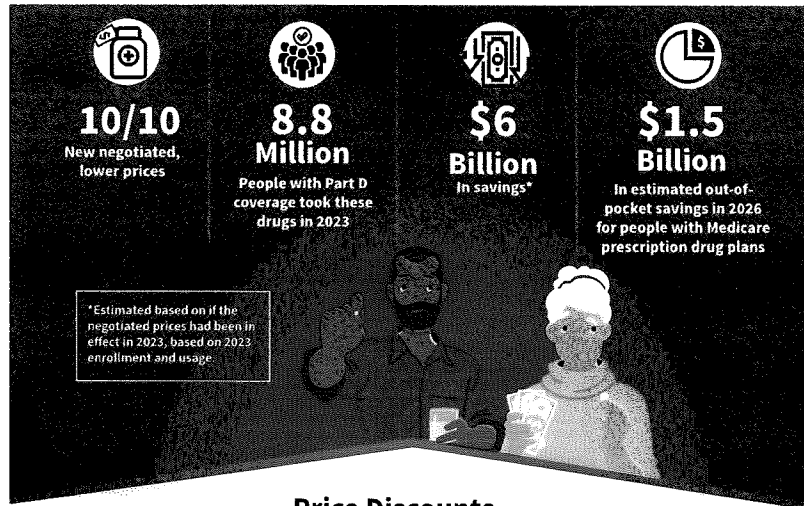
What You Need to Know

The Biden-Harris Administration's Inflation Reduction Act—also known as the new prescription drug law—expands Medicare benefits, lowers prescription drug costs, and, for the first time ever, allows Medicare to directly negotiate with drug companies to lower the prices for certain high-cost prescription drugs.

The Centers for Medicare & Medicaid Services (CMS) selected ten drugs paid for under Medicare Part D prescription coverage for the first cycle of negotiations and has reached agreement for all 10 drugs on new, negotiated lower prices that will go into effect in 2026. These are some of Medicare's most costly and most used medications. They treat a variety of conditions, such as heart disease, diabetes, arthritis, and cancer.

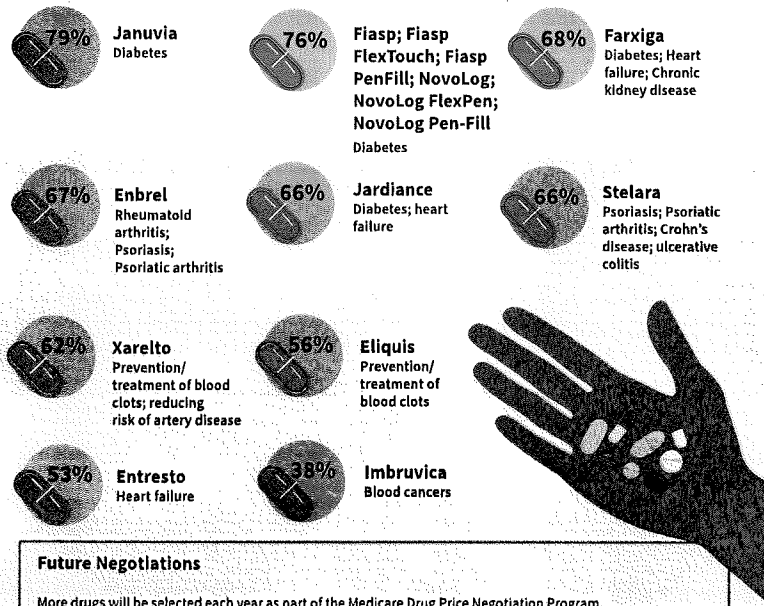
The Medicare Drug Price Negotiation Program will improve access to life-saving drugs for people with Medicare and is expected to save Medicare billions of dollars, strengthening Medicare now and for generations to come.

Meaningful impacts of the new, negotiated lower prices include:



Price Discounts

Discounts based on the 2023 list price for a 30-day supply



Future Negotiations

More drugs will be selected each year as part of the Medicare Drug Price Negotiation Program. By February 1, 2025, CMS will announce up to 15 additional drugs covered under Part D that will be selected for negotiation.

Other Ways the New Prescription Drug Law is Lowering Costs for People with Medicare:

- Insulin costs capped at \$35 for a month's supply of each covered insulin product
- Certain recommended vaccines free for people with Medicare Part D coverage
- More help paying for high drug costs through the expansion of the Extra Help program. For more information and to see if you are eligible, visit [Medicare.gov/extrahelp](https://www.medicare.gov/extrahelp).
- And for 2025, everyone with Medicare prescription drug coverage will have their annual out-of-pocket costs capped at \$2,000.

Notes: Drugs selected for negotiation must have no generic or biosimilar competition. Participation by drug companies in the drug price negotiation program is voluntary; the figures included here are estimates based on continued drug company participation in Medicare.