



Biotechnology Innovation Organization  
1201 Maryland Avenue SW  
Suite 900  
Washington, DC, 20024  
202-962-9200

April 16, 2025

Maine State House  
Health Coverage, Insurance and Financial Services  
Senator Donna Baily, Chair  
Representative Kristi Mathieson, Chair  
100 State House Station  
Augusta, ME 04333

Dear Chairwoman Baily, Chairwoman Mathieson and distinguished members of the Health Coverage, Insurance and Financial Services committee,

On behalf of the Biotechnology Innovation Organization (BIO), **we are writing in opposition to LD 1018, an act to Protect Health Care for Rural and Underserved Areas by Prohibiting Discrimination by Participants in a Federal Drug Discount Program.**

BIO is the world's largest trade association representing over one thousand biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO members are at the forefront of the research and development of innovative healthcare, agricultural, industrial, and environmental biotechnology products. BIO also produces the BIO International Convention, the world's largest gathering of the biotechnology industry, along with industry-leading investors and partnering meetings held around the world.

Maine's bioscience industry employed 9,946 individuals in 2023 across 640 state business establishments. With 22.2 percent growth in bioscience industry employment since 2019, Maine has outpaced the strong job growth seen nationally, led by double-digit gains in four of the five industry subsectors. Maine has a highly specialized employment concentration in the pharmaceutical's subsector. The state's average bioscience industry wage was \$95,859 - 58 percent higher than the private sector average. State academic R&D expenditures in bioscience-related fields totaled \$52.2 million in 2022, while NIH funding reached a new peak of \$117.9 million in 2023 following steady growth since 2020.<sup>1</sup>

**BIO opposes LD 1018, as it distorts the 340B program beyond the scope of the federal statute, does not help patients lower their out-of-pocket costs, and makes it more difficult for states, payers, and manufacturers to identify illegal duplicate discounts (and waste in the system).**

LD 1018 prohibits manufacturers from limiting distribution of 340B-discounted drug products to a pharmacy that has contracted with a 340B covered entity. This restriction creates perverse incentives in an already opaque program, ultimately making it harder to hold covered entities accountable and ensure that the benefits they are trusted to deliver to patients aren't diverted to intermediaries' profit margins. **Most contract pharmacies are for-profit corporations whose shareholders benefit from exponential growth in the 340B Drug Discount program.**

---

<sup>1</sup> [Maine State Economic Profile for Bioscience Industry](#)



Biotechnology Innovation Organization  
1201 Maryland Avenue SW  
Suite 900  
Washington, DC, 20024  
202-962-9200

According to an October 2020 study, the number of contract pharmacy arrangements in the program grew by 4,228% from 2,321 in 2010 to 101,469 in 2020<sup>2</sup>, and as of July 2023 this number increased to 194,016.<sup>3</sup> Additionally, the number of unique pharmacy locations has grown from approximately 1,300 in 2010 to roughly 33,000 in 2023. According to one analysis, "the average profit margin on 340B medicines commonly dispensed through contract pharmacies is an estimated 72% compared with just 22% for non-340B medicines dispensed through independent pharmacies."<sup>4</sup> This explosive growth has occurred because it is extremely profitable for pharmacies to share the 340B discount provided to covered entities. **This type of policy would further benefit contract pharmacies' profit margins rather than the vulnerable patients the 340B Drug Discount Program seeks to protect and serve.**

In addition, LD 1018 codifies a contract pharmacy, a part of the program that has led to inappropriate growth that is not included in the federal statute and is subject to pending litigation. **Contract pharmacies are also known to have greater risk of diversion and duplicate discounts.** Fraud, waste, and abuse within the 340B program often comes in the form of "duplicate discounts" and "diversion," which are prohibited by the 340B federal statute. A duplicate discount is when an entity illegally collects discounts under multiple programs for the same drug, such as receiving discounts from both the 340B Program and the Medicaid Drug Rebate Program. Diversion is when a non-eligible patient receives a 340B discounted drug. The US Government Accountability Office (GAO) notes that contract pharmacies are a significant source of diversion and duplicate discounts, in part because they often do not identify patients as 340B-eligible until after the prescription has been dispensed.<sup>5</sup>

**Finally, LD 1018 would increase the risk of fraud, waste, and abuse by preventing the identification of 340B claims.** The bill prohibits manufacturers from requiring data to identify 340B claims. However, claims data is essential to prevent fraud, waste and abuse in the program. Manufacturers and states rely on 340B claims data to prevent inappropriate duplicate discounts and diversion.<sup>6</sup> Without this information, it is much more difficult for manufacturers to conduct audits to ensure that fraud, waste, and abuse are not taking place.

For these reasons, we respectfully request that you oppose LD 1018. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephen Burm".

Stephen Burm  
Director, State Government Affairs, Northeast Region  
[sburm@bio.org](mailto:sburm@bio.org)

<sup>2</sup> Vandervelde, Aaron, et al., "For-Profit Pharmacy Participation in the 340B Program," BRG Group, October 2020. <https://www.thinkbrg.com/insights/publications/for-profit-pharmacy-participation-340b/> (Accessed: April 25, 2023)

<sup>3</sup> Fein, Adam, "Exclusive: For 2023, Five For-Profit Retailers and PBMs Dominate an Evolving 340B Contract Pharmacy Market," July 11, 2023. Accessed July 13, 2023. <https://www.drugchannels.net/2023/07/exclusive-for-2023-five-for-profit.html>

<sup>4</sup> Vandervelde, October 2020.

<sup>5</sup> Drug Discount Program: Federal Oversight of Compliance at 340B Contract Pharmacies Needs Improvement, GAO Report, June 2018.

<sup>6</sup> Lynch, Calder, "Best Practices for Avoiding 340B Duplicate Discounts in Medicaid," *CMS Information Bulletin*, Centers for Medicare and Medicaid Services, January 8, 2020.