



MAINE PHARMACY
ASSOCIATION
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April 29, 2025

The Honorable Senator Donna Bailey, Chair
The Honorable Representative Kristi Mathieson, Chair
The Joint Standing Committee on Health Coverage, Insurance and Financial Services

Dear Senators and Representatives,

My name is Amelia Arnold, I am a resident of Winthrop, Maine, a licensed pharmacist employed by Community Pharmacies, and the Legislative Liaison for the Maine Pharmacy Association. The MPA is the state pharmacy organization that addresses the advocacy, continuing education, and professional needs of all licensed pharmacists, pharmacy technicians and student pharmacists in Maine. Our mission is to promote public health by advocating for the profession of pharmacy. On behalf of the Maine Pharmacy Association, I am testifying in support of LD 1580 An Act to Prohibit Pharmacy Benefits Managers from Imposing Certain Fees and Pricing.

Let me start by acknowledging that today you will hear that this will raise healthcare costs, but I urge you to see that pharmacy healthcare costs are skyrocketing and it's time to look at reform and not being comfortable with the status quo. The current business model is unsustainable for pharmacies, while PBMs continue to bring in billions of dollars of revenue and profits and drugs continue to be more and more expensive.

As you heard on a related PBM reform bill earlier this month, LD 180, pharmacies are promoting the need for fair and transparent reimbursement models. Fortunately, you need to look no further than Maine to see that pharmacy benefits can be run through plans that do not offer spread pricing, and we strongly encourage you to consider that the time is right to expand this into the commercial market in Maine.

For years the State of Maine Medicaid system has paid pharmacies based on NADAC plus a dispensing fee. Last summer the State of Maine employee health plan switch to Capital Rx, a pharmacy benefits manager that does not use spread pricing and instead uses a fee-based model. You may ask why you don't see more of these types of plans? Because moving away from the big PBMs can be scary and complex when they control 80% of the market, but it can be done.

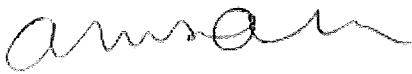
Why might a pharmacy association care about a spread pricing prohibition when this relationship exists between a payer and a PBM? We care about our patients and want to continue to bring attention to the flawed pharmacy reimbursements model. Due to vertical integration health plans and PBMs are often owned by the same parent company, which contributes to the cloudy picture and lack of transparency regarding spread pricing and other reimbursement issues. Pharmacies are all praying that meaningful PBM reform will arrive before it is too late for our businesses.

There is plenty of data regarding the need for PBM reform, and related to spread pricing I'll bring your attention to a report out of Washington State regarding the commercial market serving employer-based health plans. Over the four-year period studied by 3Axis, plan sponsor costs increased by 30% while pharmacy reimbursements decreased by 3% and spread pricing was found to distort the patient cost share calculations in employer plan benefit design.¹ Additionally, the latest FTC interim report release found the three PBMs generated an estimated \$1.4 billion of income from spread pricing on analyzed generic drugs over the study period.²

For years we have seen our reimbursements cut, all while seeing PBM revenue and profits soar. We encourage you to tackle meaningful PBM reform this session to address these ballooning costs while ensuring continued access to pharmacies for the residents of Maine. The Maine Pharmacy Association appreciates you tackling this very important issue and is happy to help in any way that we can.

Thank you for your time and consideration.

Most Sincerely,



Amelia Arnold, PharmD
Legislative Liaison | Maine Pharmacy Association

1. Understanding Drug Pricing from Divergent Perspectives: State of Washington Prescription Drug Pricing Analysis. April 28, 2025.
[https://static1.squarespace.com/static/5c326d5596e76f58ee234632/t/667a03dc16a9fb18a1b13614/1719272422304/3AA Washington Report 20240620.pdf](https://static1.squarespace.com/static/5c326d5596e76f58ee234632/t/667a03dc16a9fb18a1b13614/1719272422304/3AA+Washington+Report+20240620.pdf)
2. FTC Second Interim Staff Report on Prescription Drug Middlemen. April 28, 2025.
<https://www.ftc.gov/reports/specialty-generic-drugs-growing-profit-center-vertically-integrated-pharmacy-benefit-managers>