



Dan Demeritt
Executive Director

P.O. Box 193
Orono, Maine 04473
Tel: (207) 852-2087
Email: dan.demeritt@meahp.com

Testimony in Opposition to LD 1580

**An Act to Prohibit Pharmacy Benefits Managers from Imposing Certain Fees and Pricing
April 29, 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 Maine Association of Health Plans is opposed to any measure that would prohibit health plans and the Pharmacy Benefit Managers they employ from negotiating with pharmaceutical manufacturers or from earning rebates and other compensation that are 100% passed onto Maine employers and premium payers to reduce the cost of health care coverage in Maine.

Greater Than \$3 Billion and Growing

The Maine Health Data Organization (MHDO) reports that prescription drug spending represents 20% of the medical care payments it collected in its all-payer claims data of public and private insurers providing coverage in Maine. MHDO's claims data represents about 90% of Maine's insured population amounting to prescription drug costs of \$2.9 billion.¹

Prescription Drug Compensation Reduces Out-of-Pocket and Premiums Costs by \$148 MM

Current law in Maine requires that all pharmaceutical rebates must be applied to lower costs, either at the point-of-sale or be used to lower premiums for all members covered by the health plan. This information must be reported to the Bureau of Insurance annually.

The Bureau of Insurance's *2023 Annual Report on Prescription Drug Compensation for Benefit of Covered Persons* finds that \$148 million in prescription drug compensation was used to lower out-of-pocket costs and premiums in 2023.²

¹ <https://www.comparemaine.org/?page=rx-costs#Dashboard2021>, accessed 4/28/25

² <https://www.maine.gov/pfr/sites/maine.gov/pfr/files/inline-files/2023-Annual-Report-Prescription-Compensation.pdf>

Big Impact on Premiums

Earlier this year the Committee issued a Unanimous Ought-Not-To-Pass Report on LD 1053, a proposal that would have prevented health plans from using PBM compensation to reduce premiums paid by employers and consumers (4/16/25).³

Estimated premium impacts from health plans and plan sponsors based on prohibiting the use of PBM compensation to lower premiums included:

- 9.31% premium increase estimated by MEA Benefits Trust for July 1, 2025, renewal, including an impact on the State budget owing to its 60% contribution for non-Medicare retirees.⁴
- 7.9% premium increase from Maine Municipal Employees Health Trust to offset the \$18.1 million in rebates (100% of all rebates) received from pharmaceutical manufacturers.⁵
- \$40 per member per month increase in premiums, or more, for fully-insured plans based on pharmaceutical rebates retained to lower premiums in the Bureau's 2023 Prescription Drug Compensation Report, (p.5-6).

Prescription drug costs are a large and growing portion of what we are spending on healthcare in Maine. As was the case with LD 1053, the Legislature needs to reject proposals that put health plans and PBMs at a disadvantage when it comes to negotiating with pharmaceutical manufacturers and passing those savings on to employers, taxpayers, and consumers as required by Maine law.

Thank you for your consideration. We urge a vote of Ought Not To Pass on LD 1580.

³ <https://legislature.maine.gov/billtracker/#Paper/1053?legislature=132>, accessed 4/28/25

⁴ <https://legislature.maine.gov/backend/app/services/getDocument.aspx?doctype=test&documentId=187560>

⁵ <https://legislature.maine.gov/backend/app/services/getDocument.aspx?doctype=test&documentId=187559>