

April 29, 2025

Senator Donna Bailey, Senate Chair
Representative Kristi Mathieson, House Chair
Of the Joint Standing Committee on Health Coverage, Insurance and Financial Services
c/o Legislative Information Office
100 State House Station
Augusta, ME 04333

RE: AHIP Comments on LD 1580, An Act to Prohibit Pharmacy Benefits Managers from Imposing Certain Fees and Pricing

To Chairs Sen. Bailey and Rep. Mathieson, and Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services,

On behalf of AHIP, we offer the following comments in opposition to LD 1580, which restricts health plans' contracting options, raising consumers' costs while doing nothing to control the soaring prices of prescription drugs.

AHIP is aligned with Maine's commitment to increased access to high-quality, affordable health care. Everyone should be able to get the medications they need at a cost they can afford. More than 24 cents¹ of every dollar spent on health insurance premiums goes to pay for prescription drugs – more than any other individual category. The problem with prescription drug affordability is the list price, which pharmaceutical manufacturers alone set and control without parameters or oversight. This bill does nothing to impact that most important part of the equation.

Health plans partner with PBMs to obtain affordable and accessible medications for patients.

Health plans are on the side of patients, tasked with lowering prices to ensure access to medications for employers and individuals they serve. Many health plans choose to partner with pharmacy benefit managers (PBMs) to negotiate with drug manufacturers who often hold monopoly power over medicines and who have little to no incentive to negotiate with health plans.

By partnering with PBMs, health plans can use PBMs' technology-based tools and programs to drive value, efficiency, and effectiveness that ensure patient access. PBMs are able to represent the covered lives of all their plan sponsors and health plan clients, enabling patients to obtain the medications they need at the lowest possible cost.

Limiting compensation structures for PBMs to management fee arrangements does nothing to reduce manufacturers' high prescription drug prices, limits contracting options for employers, and will increase costs for consumers.

LD 1580 would tie health plans' hands in developing a compensation package for their contracted PBM. Sections 4350-F(2) and (3) fail to address the true cause of high drug prices, as a result, may have the unintended consequence of undermining market competition and driving prescription drug prices even higher.

¹ Where Does Your Health Care Dollar Go? AHIP. October 24, 2024.

Consumers benefit when health plans and employers have the option to compensate PBMs for the services performed through various methodologies and the ability to choose the option that best fits the needs of their plan and enrollees. Some of these methodologies allow PBMs to derive some or all of the payment for their services from the rebates that they negotiate with drug manufacturers. These contracting models can help PBMs negotiate the lowest prices for the health plans and employers that they serve. Mandating a management fee arrangement solely will remove existing options for plans and employers to promote prescription drug affordability, undermining private market competition, failing to address high drug prices, and potentially resulting in increased administrative costs to plans and patients.

Importantly, this provision does nothing to reduce the unaffordable prescription drug prices set by drugmakers. It is critical that legislative proposals actively address problems they are trying to solve. By ignoring manufacturers' role in setting exorbitantly high drug prices and not pursuing an approach that can effectively lower drug costs, employers and patients will be left paying more under this proposal.

We have seen repeatedly that misdirected attempts to address drug costs lead to the unintended consequences of undermining market competition and not adequately addressing high drug prices. For instance, the Center for Medicare and Medicaid Services estimated that the federal Rebate Rule, which required rebates to be more directly shared with consumers, would have increased Medicare premiums for seniors by 25%, increased Medicare drug spending by \$196 billion and given drug makers a \$100 billion windfall in new revenue.² This type of proposal would have similar consequences: a working paper published by the National Bureau of Economic Research estimates the potential cost of "delinking" PBM compensation from rebates in commercial health insurance to be \$8.4 to \$26.6 billion nationally.³

LD 1580's limitations on PBM compensation represent an overly broad, market-undermining approach that would unnecessarily limit contracting options and competition, leading to higher costs. Pharmaceutical manufacturers deliberately advocate for a focus on rebates rather than list prices to avoid legislation addressing the more serious issues surrounding the lack of competition, transparency, and accountability in their pricing of prescription drugs. We remain supportive of efforts to reduce high drug prices, but the aspects of the bill discussed above will not do so and will instead impose new mandates that take away important tools for health plans and employers to improve prescription drug affordability.

For all these reasons, **AHIP urges you not to pass LD 1580.** AHIP stands ready to work together with Maine policymakers to ensure every patient has access to the high quality, affordable drugs that they need.

Sincerely,



Sarah Lynn Geiger, MPA
Regional Director, State Affairs
America's Health Insurance Plans

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.

² *Rebate Rule Would Increase Drug Prices, Premiums, and Costs to Taxpayers.* AHIP. March 2019.

³ *Mulligan, Casey B. Ending Pay for PBM Performance: Consequences for Prescription Drug Prices, Utilization, and Government Spending.* National Bureau of Economic Research. September 2023.