

## **Testimony in Support of LDs 120, 673, 675, 686, and 1117**

**April 13, 2021**

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Dear Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Care, Insurance, and Financial Services. I am writing on behalf of the Maine Center for Economic Policy in support of LDs 120, 673, 675, 686 and 1117. MECEP believes that health care is a human right and that all Mainers deserve to have access to affordable care. These bills will help reduce health care costs for all of us, and ensure access to care for many of our most vulnerable friends and neighbors.

No one in Maine should suffer needlessly because they can't afford access to health care. Yet soaring health care costs are prevent many Mainers from getting the care they need, and the problem is getting worse. Between 2008 and 2018, the average cost of health care has risen 32 percent, a much steeper increase than seen in other necessities, such as food and housing.<sup>1</sup> This has made it harder for Mainers to access care, even as they have gained more access to insurance. Over the same decade, the share of nonelderly Mainers who couldn't afford to see a doctor in the past year has increased from one in nine to one in seven.<sup>2</sup>

While initiatives such as Medicaid expansion have helped provide more affordable coverage to tens of thousands of Mainers, policymakers must do more to bring health care within reach by reducing costs for patients, employers, and state government. The bills before you today would tackle this problem through a variety of approaches.

### **Office of Affordable Health Care would lead oversight efforts**

LD 120 would establish a new legislative office to analyze trends in health care costs and examine the relationship between cost and patient access to care. The independent, non-partisan office would bring together health care experts and consumer representatives and make recommendations to the Legislature for keeping health care costs down.

The office would help policymakers better understand why health care costs are rising in Maine. It also would identify solutions to help control costs. This proposed office is modeled on the Health Policy Commission (HPC) established in Massachusetts,<sup>3</sup> which is partially credited with a consistent decline in care costs each year since its establishment. Between HPC's founding in 2013 and 2018, Massachusetts residents and employers saved an estimated \$7.2 billion in health care costs.

In Massachusetts, the HPC aims to keep growth in health care costs slightly below the annual growth in Gross State Product. In other words, the HPC recognizes that the cost of delivering care will necessarily increase slightly each year as the cost of doing business increases, but the aim is to make sure that total spending on health care does not grow as a share of the total state economy. A large part of its role is to review data collected by state agencies and providers to determine what factors are leading to growth

above or below the goal. It also brings providers and insurers together to discuss the best ways to make the system more efficient and less costly.

The Commission is also working to understand what issues contribute to the accessibility and quality of health care. For example, it [released a report](#) in January 2021 about the ways high out-of-pocket costs make health care unaffordable and perpetuate inequity in health outcomes. The report stresses the need for policy solutions, including targeted efforts to improve the social determinants of health and other efforts to advance equitable and affordable coverage in Massachusetts.

Maine would be able to shape the new Office of Affordable Health Care to fit our state's needs, but the Massachusetts HPC provides a compelling example of an agency successfully using a data-driven approach to achieve savings and identify solutions to improve access to health care.

### **Other bills would address the particular problem of prescription drug costs**

LDs 673, 675, 686 and 1117 would address the rising costs of prescription drugs. Prescription drugs have some of the fastest-rising costs in health care. For example, the 25 prescription drugs with the largest cost increases over the previous year cost Mainers an additional \$165 million through increased out-of-pocket payments and premiums, according to the Maine Health Data Organization.<sup>4</sup>

While state-level data for Maine isn't available, national data shows that one in nine non-elderly American adults don't take their prescribed medications because they can't afford it.<sup>5</sup> Among diabetics, the problem is even more acute, with one in six having to delay, skip, or reduce their use of medications due to costs.<sup>6</sup>

The proposed bills would employ promising approaches to tackle these problems:

LD 673 would address the particular problem diabetics face in getting access to insulin — a life-saving drug that costs about \$3 per vial to produce but is sold for an average of \$100 per vial in the United States.<sup>7</sup> Last year, Maine capped the price of insulin at \$35 a month for Mainers with health insurance,<sup>8</sup> but LD 673 would help Mainers who don't have insurance by requiring insulin manufacturers to provide pharmacies with a supply of insulin to be available to Mainers in urgent need at little to no cost.

LD 686 would require the Maine Health Data Organization to publicly post lists of drugs for which manufacturers are planning to increase prices each year. Increased transparency would increase public pressure on drug manufacturers to avoid price-gouging, as well as giving consumers the ability to make more informed choices.

LD 675 would issue fines to drug manufacturers whose price increases were found to be unnecessary by the Institute for Clinical and Economic Review, an independent national organization that regularly reviews the pricing of new and expensive pharmaceuticals. LD 1117 take a similar approach for more common generic drugs, levying fines against manufacturers who increased the price of these medications by more than a limited annual amount established in the bill.

## Conclusion

The causes of rising health costs are complex, and solutions will not always be easy. But the bills before you today have the potential to produce real results for Mainers. The Office of Health Care Affordability and increased accountability for drug-makers employ smart data-driven approaches to reducing health care costs. MECEP urges you to vote “ought to pass” on these measures as part of an ongoing commitment to expanding access to health care for all Mainers.

## Notes

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<sup>1</sup> Commodities listed in the [Consumer Price Index](#) saw prices increase by 19 percent on average over the same period. The cost of food increased 22 percent while the cost of housing increased 27 percent.

<sup>2</sup> US Centers for Disease Control, Behavioral Risk Factors Surveillance Survey, comparison of 2007-8 and 2017-18 data.

<sup>3</sup> <https://www.commonwealthfund.org/publications/case-study/2020/mar/massachusetts-health-policy-commission-spending-growth>

<sup>4</sup> <https://mhdo.maine.gov/tableau/prescriptionReports.cshtml>

<sup>5</sup> <https://www.cdc.gov/nchs/products/databriefs/db333.htm>

<sup>6</sup> MECEP analysis of National Health Interview Survey, 2018.

<sup>7</sup> See <https://www.businessinsider.com/insulin-prices-could-be-much-lower-and-drug-makers-would-still-make-healthy-profits-2018-9> and <https://www.rand.org/news/press/2020/10/06.html>

<sup>8</sup> Public Law 2019 chapter 666.

<http://mainelegislature.org/legis/bills/getPDF.asp?paper=HP1493&item=5&snum=129>

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Please find attached testimony in Support of LDs 120, 673, 675, 686, and 1117 on behalf of the Maine Center for Economic Policy.