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April 13, 2021

Testimony in Support of the Prescription Drug Legislation Package of Bills

- LD 120, An Act To Lower Health Care Costs through the Establishment of the Office of Affordable Health Care
- LD 673, SP0260 An Act To Create the Insulin Safety Net Program
- LD 675, SP0262 An Act To Protect Maine Consumers from Unsupported Price Increases on Prescription Medicines by Creating an Independent Review Process
- LD 686, SP0274 An Act To Increase Prescription Drug Pricing Transparency
- LD 1117, SP0380 An Act To Prevent Excessive Prices for Prescription Drugs

Good morning Chairs Sanborn and Tepler, and Honorable Members of the Joint Committee on Health Insurance Coverage and Financial Services.

My name is Patricia Pinto and I am the volunteer State President for AARP Maine. AARP Maine, representing more than 200,000 members 50 and older statewide, supports this package of prescription drug bills being heard today because it provides a vital and common-sense approach to reigning in continued drug price escalation and assuring that all Mainers have access to affordable prescription drugs. In a recent AARP Maine survey 75% of Maine residents 45 and older said paying for prescription drugs is an important health care concern.

Being able to afford needed prescription drugs is particularly crucial for older Maine residents. The statistics show the extent of the problem. Although 235,000 Mainers collected Social Security in 2020, their average annual benefit amounted to only \$17,185. And while 346,003 Maine residents were enrolled in Medicare as of July 2020, over 77,000 had no prescription drug coverage and 27% of Maine residents 55 and older fall below the poverty line. Rising drug prices mean people sometimes must make a choice between getting needed prescriptions, or paying for rent and other basic necessities.

According to the Peterson-Kaiser Family Foundation Health System Tracker¹, annual prescription drug spending per person in the United States has increased from \$90 in 1960

¹ https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-per-capita-spending-rx-hospital-physician-services_nhe-projections-2018-27

to \$1,025 in 2017. For many drugs, U.S. patients pay more than those in other countries. For example, Humira, prescribed to treat rheumatoid arthritis, is priced 96% higher than in the United Kingdom and 225% higher than in Switzerland. Brand name drug prices have increased over 60% since 2014 but generic drug prices have dropped by 35%.

While the drop in generic drug prices is good news for consumers, pharmaceutical companies have devised ways to limit their supply. When a drug's patent expires after 20 years, pharmaceutical companies use several methods to discourage production of a generic alternative. According to the American Academy of Actuaries, these methods include: "pay for delay" where the brand manufacturer pays generic manufacturers not to enter its market; minimally changing the formulation of a drug so that it is a "new" drug; changing the dosing strength for the same reason; and getting FDA approval to use the drug for additional diseases or conditions.²

To reign in these practices as well as indiscriminate, unjustifiable price gouging, a package of legislation such as the bills before you today, will make a real difference. The impact of these bills will empower the state of Maine to determine when price gouging occurs, require pharmaceutical companies to provide information so that the true cost of a drug is transparent, further strengthen the program capping out-of-pocket cost of insulin for patients in state-regulated plans, and include appropriate enforcement provisions.

Maine has the highest percentage of residents 65+ in the nation and an average age of 45. It is time to help assure Maine families that they will be able to pay for necessary prescription drugs. For these reasons, AARP Maine supports the prescription drug package before you today and we respectfully ask you to vote in favor of these bills.

Patricia Pinto
Volunteer State President
AARP Maine

² <https://www.actuary.org/content/prescription-drug-spending-us-health-care-system>

