May 20, 2021

The Honorable Senator Sanborn Senate Chair, Representative Tepler House Chair
Members, Joint Standing Committee on Health Coverage, Insurance and Financial Services
Cross Building, Room 220
Augusta, ME 04330

RE: LD 1706 An Act to Require Appropriate Coverage of and Cost-sharing for Generic Drugs and Biosimilars

Dear Senator Sanborn, Representative Tepler, Members of the Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA), I am writing you to you regarding our concerns about LD 1706, an act to require appropriate coverage of and cost-sharing generic drugs and biosimilars. PCMA is the national association representing pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage provided through large and small employers, health plans, labor unions, state and federal employee-benefit plans, and government programs.

In the prescription drug marketplace, carriers and PBMs use formularies and cost sharing tiers to provide medications at various price points based on a patient's plan design. The ability for plans to negotiate the lowest net price possible for their patients is crucial and this bill would obstruct that ability. This bill would undermine the negotiations made on behalf of patients to get to that lowest net cost price no matter if the drug is a generic, brand, or biosimilar.

Generic exclusivity is also a concern with LD 1706. When a brand drug loses its patent, clinically equivalent generics can enter the market. There is about a 6-month exclusivity period where the generic can be priced almost as much as the brand until other generics enter the market, typically we see brand manufacturers offer rebates on the branded product which results in a lower net cost.

LD 1504 which passed in 2019 requires accounting for the value of rebates to benefit members either by remittance to the covered person at the point of sale or applied by the carrier in its plan design and in future plan years to offset premiums. Passing LD 1706 would ignore that law.

This bill would also give an advantage to biosimilars. Biosimilar manufacturers do not have to offer rebates because there is either no competition or they are protected by patents. Similarly, in the specialty marketplace, rarely are generics created so there is a lack of competition in this space as well.

Pharmaceutical Care Management Association
325 7th Street, NW, 9th Floor
Washington, DC 20004
www.pcmanet.org

Plans and PBMs use Pharmacy & Therapeutic Committees that are comprised of independent experts including physicians and pharmacists to develop evidence-based guidelines used in drug management programs to ensure that all drugs on the formulary are clinically effective to treat various disease states. Then drugs are selected that offer the lowest net price to drive costs down for both patients and plans. It is essential that any legislation considered does not erode methods that help patients and ensure a cost-effective pharmacy benefit. Therefore, PCMA opposes LD 1706 with the concern that this will raise costs unintentionally.

Thank you for the opportunity to express these concerns.

Sincerely,

Director, State Affairs
shallemeier@pcmanet.org
(202) 756-5727

Pharmaceutical Care Management Association
325 7th Street, NW, 9th Floor
Washington, DC 20004
www.pcmanet.org