



53 Baxter Boulevard, Suite 202 | Portland, ME 04101
Phone: 866-554-5380 | Fax: 207-775-5727 | TTY: 877-434-7598
aarp.org/me | me@aarp.org | twitter: @aarpmaine
facebook.com/aarpmaine | instagram.com/aarpme

May 20, 2021

Testimony in Support of LD 1706 – An Act to Require Appropriate Coverage of and Cost-Sharing for Generic Drugs and Biosimilars

Greetings, Chairs Sanborn and Tepler and Honorable Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services. I am Bridget Quinn, Associate State Director of Advocacy and Outreach Director for AARP Maine.

I'm here today to support this bill, LD 1706, that is meant to ensure lower cost prescription drug alternatives for Maine consumers.

Prescription drug prices are a high priority for AARP and its members. Older Americans struggle to afford needed and life-saving medications. Most Medicare beneficiaries live on modest incomes. In 2016 half of all Medicare beneficiaries had an income below \$26,200. One-quarter of beneficiaries had incomes below \$15,250.¹ This population does not have the resources to absorb rapidly escalating prescription drug prices, and many are facing the very real possibility of being unable to afford the medications they need.

Older Americans have seen their prescription drug prices skyrocket. It is hardly surprising that our members consistently tell us they cannot afford the medications they need and are forced to make difficult choices as a result. In a recent AARP Maine survey, 75 percent of Maine residents 45 and older said paying for prescription drugs is an important health care concern.

Current brand name drug manufacturers can offer rebates that make it difficult (if not impossible) for generics/biosimilars to get on formularies. Referred to as “rebate walls” or “rebate traps,” “makers of established brands give volume-based rebates to insurers or intermediaries called pharmacy benefit managers. In return, those middlemen often leave competing generics off the menu of drugs they cover, called a formulary, or they jack up the

¹ Jacobson, Gretchen, Griffin, Shannon, Neuman, Tricia, Smith, Karen. “Income and Assets of Medicare Beneficiaries, 2016-2035.” Kaiser Family Foundation. Apr 21, 2017. <https://www.kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2016-2035/>



price for patients. The result is that many can't get the cheaper drugs unless they shoulder a bigger copay or buy them with no help from insurance.”²

The U.S Food and Drug Administration (FDA) along with the Federal Trade Commission (FTC) recently held a [joint convening](#) to discuss the negative impact these so-called rebate traps have on consumers.

This bill will help ensure that generics/biosimilars at least make it onto the formulary with lower cost-sharing than their brand-name counterparts.

It will be important, if the bill passes, to keep an eye on premiums. Forcing plans to cover certain drugs can reduce their negotiating power, which could lead to higher plan spending and premiums. Also, if brand name drug manufacturers stop offering or reduce their rebates in response to this change, that could increase plan spending and premiums to the extent that such rebates were offsetting the costs associated with brand name drugs.

Thank you for your consideration and for the opportunity to provide testimony today. If you have any questions or need further information, please don't hesitate to contact me at bquinn@aarp.org or 207-272-8563.

Thank you,
Bridget Quinn
AARP Maine

² Hancock, Jay and Lupkin, Sidney, “Secretive ‘Rebate Trap’ Keeps Generic Drugs For Diabetes And Other Ills Out Of Reach,” Kaiser Health News, Jan. 18, 2019. <https://khn.org/news/secretive-rebate-trap-keeps-generic-drugs-for-diabetes-and-other-ills-out-of-reach/>