



**Testimony of Katherine Pelletreau
to the Joint Standing Committee on Health Coverage, Insurance and Financial Services**

Neither For Nor Against

LD 1636 An Act to Reduce Prescription Drug Costs by Using International Pricing

February 15, 2022

Good Morning Senator Sanborn, Representative Tepler, Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

My name is Katherine Pelletreau, and I am the Executive Director of the Maine Association of Health Plans (MeAHP). MeAHP has six members including Aetna, Anthem Blue Cross and Blue Shield, Cigna, Community Health Options, Harvard Pilgrim Health Care, and UnitedHealth Group. Collectively, MeAHP's members provide or administer health insurance coverage to over 600,000 Maine people. The organization's mission is to improve the health of Maine people by promoting affordable, safe, and coordinated healthcare.

This bill seeks to address the problem of high drug prices by setting reference pricing that is linked to the wholesale acquisition cost (WAC) and the price paid by certain Canadian provinces. LD 1636 would require that health plans, among others, pay no more than the reference price and each violation would be subject to a fine of \$1,000.

We certainly understand the desire to address high prescription drug costs and appreciate that we need more and better solutions to the problem. It is disgraceful that we in the United States are charged higher prices than are found in other countries. We agree that government must take a more active role to control drug pricing and costs and believe it is appropriately before the federal government to do so. We also agree that drug prices should have some basis in reality and not just be set to what the market will bear, however, factors beyond the WAC and what is paid in parts of Canada must be included. For example, any reference pricing should have some connection to a drug's value and impact on patient outcomes.

This bill targets health insurers when the real target should be manufacturers. It places the burden/punishment on carriers if they pay more than the reference price but sets no restriction on the price set by the manufacturer. Under this bill it would not be illegal for manufacturers to charge more than the reference price. It is the manufacturer that should be fined in addition to or instead of the carrier. If this bill moves forward, language needs to be added addressing situations when a manufacturer refuses to contract at the reference rate.

Manufacturers continue to take advantage of their ability to set prices for their own drugs which in turn raises costs for insurers and therefore purchasers. However, this proposed solution would be like government telling Maine restaurants they cannot buy lobster for more than \$10 per pound without incurring fines. If the price is higher, they will have to go without. While people may be able to go without lobster rolls, they cannot go without their medications.

Thank you for your consideration of these comments.