



Testimony in support of LD1499  
An Act To Establish the Maine Prescription Drug Affordability Board  
Consumers for Affordable Health Care  
April 17, 2019

Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. I am Ann Woloson, Executive Director of Consumers for Affordable Health Care.

Consumers for Affordable Health Care is a nonprofit, nonpartisan public policy and advocacy organization with the mission to improve access to quality and affordable health care for people living in Maine.

I am here to today to testify in support of LD 1499, *An Act to Establish the Maine Prescription Drug Board*. This independent Board would consist of members with expertise in health care economics or clinical medicine who would review the cost of drugs posing an affordability problem for the state. It would have the authority to set fair limits on how much Maine purchasers, employers, and insurance carriers should have to pay for a specific drug. Predetermined thresholds would be established for prescription drug price increases that would trigger Board review. If increases are not adequately justified, the Board could cap the reimbursement rate for those drugs for all payers. The Board would not set prices but would limit what payers pay for drugs in Maine.

Health care costs, including prescription drug costs, are a substantial concern of Mainers,<sup>1</sup> with three out of four reporting they are concerned about high drug prices and two out of three indicating they are worried about not being able to afford the medicine they need.

The committee has heard testimony this week from health care providers groups, advocates, and patients about the need to address high drug prices. It has heard a series of proposals that aim to address the problem of high drug costs that affect the ability of many Mainers to access the prescription drugs they need. We have shared data with you from the Maine Health Data

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<sup>1</sup> [www.mainecahc.org/wp-content/uploads/2019/02/CriticalInsights\\_MaineSurvey\\_181115.pdf](http://www.mainecahc.org/wp-content/uploads/2019/02/CriticalInsights_MaineSurvey_181115.pdf)



Organization<sup>2</sup> that shows the 25 most prescribed and expensive drugs in Maine, and those that had the highest cost increases over the last year. As you see, many are for the treatment of chronic disease, including cancer and diabetes, or are life-saving treatments needed to fight cancer. Some of the drugs with the highest increases are needed to prevent fatal disease including blood clots and stroke.

We know Mainers are paying more for the medicine they need, including older Mainers who typically pay more than half of prescription drug expenditures out-of-pocket.<sup>3</sup>

A recent study released by the US Senate Committee on Homeland Security and Governmental Affairs showed drug prices increased an average of 12 percent every year for the top 20 most commonly prescribed brand name drugs under the Medicare Part D program from 2012 to 2017. Furthermore, prices for the top 12 drugs increased by more than 50 percent.<sup>4</sup>

Individual health coverage rates in Maine are affected by rising health care costs, including rising prescription drug prices. For example, in rate filings last year, one carrier projected significant cost increases due to anticipated changes in medical/prescription drug inflation and increased utilization:

| <b>Service Type</b> | <b>Inflation</b> | <b>Utilization</b> | <b>Total</b> |
|---------------------|------------------|--------------------|--------------|
| Inpatient Hospital  | 5.1%             | 0.9%               | 6.0%         |
| Outpatient Hospital | 5.9%             | 0.9%               | 6.8%         |
| Professional        | 3.8%             | 1.3%               | 5.1%         |
| Other Medical       | 3.8%             | 1.3%               | 5.1%         |
| Prescription Drug   | 8.9%             | 0.9%               | 9.8%         |
| <b>Total</b>        |                  |                    | <b>6.7%</b>  |

<sup>2</sup> <https://mhdo.maine.gov/tableau/prescriptionReports.cshtml>

<sup>3</sup> <https://hpi.georgetown.edu/rxdrugs/#>

<sup>4</sup> <https://www.hsgac.senate.gov/imo/media/doc/Manufactured%20Crisis%20-%20How%20Devastating%20Drug%20Price%20Increases%20Are%20Harming%20America's%20Seniors%20-%20Report.pdf>

In response to questions from the Bureau about this assumption, the carrier wrote: *"Pharmacy has consistently seen much higher growth in cost than the other categories, and this trend is expected to continue."*<sup>5</sup>

You have also heard from drug industry representatives who describe drug pricing strategies as complicated. Most who testified in opposition to nearly every strategy proposed this week say they want to work with you in addressing costs. Yet they, offer very little in terms of opportunities or strategies to do so. Instead, they doge and weave. One of the most telling moments, was when a committee member asked the Pharmacy Benefit Manager Pharmaceutical Care Management Association a question that goes to the heart of this matter: If PBMs really are so good at negotiating on behalf of clients, why are drug costs so much higher in the US than in any other country? The response from the industry representative: That's a good question... it's complicated...

A Bloomberg article describing how *The U.S. Pays a Lot More for Top Drugs Than Other Countries* describes the difference in drug pricing culture between the US and Europe:

*In the U.S., drug companies set their own prices and raise them over time. One of the biggest U.S. buyers of medicine, Medicare, is prohibited from negotiating prices directly with drug companies. Private insurers and benefit managers strike their own rebate deals with drug companies, and details of these contracts are almost never disclosed. In Europe, drug prices are often set by government health systems and decline over time as countries demand additional price cuts.*<sup>6</sup>

Mainers have compelling concerns over high drug costs and the effect such costs have on access to health care and affordability. Clearly, something needs to be done to address high and rising drug costs in Maine. Establishing an independent board that would review factors contributing to increasing and high drug costs is a reasonable, possibly imperative, is a step in the right direction.

Please support LD 1499. Thank you.

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<sup>5</sup> CHO\_2019\_IND\_Act\_Memo\_MGARA\_08022018\_final\_Part\_1.pdf

<sup>6</sup> <https://www.bloomberg.com/graphics/2015-drug-prices/>