

MAINE STATE LEGISLATURE

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SW
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Date: 2/27/24 Minority

(Filing No. H-780)

HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 737, L.D. 1165, "An Act to Enhance Cost Savings to Consumers of Prescription Drugs"

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 24-A MRSA §4350-A, as enacted by PL 2019, c. 469, §8 and affected by §9, is amended to read:

§4350-A. Responsibility to use compensation for benefit of covered persons

1. **Compensation used to reduce point-of-sale costs, improve benefits or lower premiums.** All compensation remitted by or on behalf of a pharmaceutical manufacturer, developer or labeler, directly or indirectly, to a carrier, or to a pharmacy benefits manager under contract with a carrier, related to its prescription drug benefits must be:

A. Remitted directly to the covered person at the point of sale to reduce the ~~out-of-pocket cost to the covered person associated with a particular prescription drug~~ covered person's cost-sharing amount for a particular prescription drug by an amount up to at least 100% of all compensation remitted under this subsection in connection with the dispensing or administration of that drug; or and

B. ~~Remitted~~ For any compensation in excess of the amount required to be remitted to a covered person at the point of sale pursuant to paragraph A, remitted to, and retained by, the carrier. Compensation remitted to the carrier must be applied by the carrier in its plan design and in future plan years to offset the premium for covered persons.

2. **Compliance.** ~~Beginning March 1, 2021 and annually thereafter~~ Annually, by March 1st, a carrier shall file with the superintendent a report in the manner and form determined by the superintendent demonstrating how the carrier has complied with this section, including information on the number of covered persons the carrier has remitted compensation to at the point of sale and the amount of that compensation.

Sec. 2. **Appropriations and allocations.** The following appropriations and allocations are made.

COMMITTEE AMENDMENT

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1 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

2 **Departments and Agencies - Statewide 0016**

3 Initiative: Provides funding for the new requirement that compensation remitted by or on
4 behalf of a pharmaceutical manufacturer, developer or labeler to a pharmacy benefits
5 manager be remitted first to the covered person at the point of sale up to the amount of any
6 cost sharing associated with a prescription drug and then any remaining amount must be
7 remitted to and retained by a carrier to offset health insurance premium costs.

8	GENERAL FUND	2023-24	2024-25
9	All Other	\$0	\$902,971
10			
11	GENERAL FUND TOTAL	<hr/>	<hr/>
		\$0	\$902,971

13	HIGHWAY FUND	2023-24	2024-25
14	All Other	\$0	\$333,256
15			
16	HIGHWAY FUND TOTAL	<hr/>	<hr/>
		\$0	\$333,256

17
18 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
19 number to read consecutively.

20 **SUMMARY**

21 This amendment is the minority report of the committee and replaces the bill. The
22 amendment requires that compensation remitted by or on behalf of a pharmaceutical
23 manufacturer, developer or labeler to a pharmacy benefits manager be remitted first to the
24 covered person at the point of sale up to the amount of any cost sharing associated with a
25 prescription drug and then any remaining amount must be remitted to and retained by a
26 carrier to offset health insurance premium costs.

27 The amendment requires that the information reported by carriers in their annual report
28 related to compensation include information about the number of covered persons that have
29 received compensation from the carrier for their out-of-pocket costs and the amount of that
30 compensation.

31 The amendment also adds an appropriations and allocations section to provide funding
32 for the requirement that any compensation be remitted first to the covered person at the
33 point of sale.

34 **FISCAL NOTE REQUIRED**

35 (See attached)

COMMITTEE AMENDMENT



131st MAINE LEGISLATURE

LD 1165

LR 729(02)

An Act to Enhance Cost Savings to Consumers of Prescription Drugs

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-780)
Committee: Health Coverage, Insurance and Financial Services
Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$902,971	\$902,971	\$902,971
Highway Fund	\$0	\$333,256	\$333,256	\$333,256
Appropriations/Allocations				
General Fund	\$0	\$902,971	\$902,971	\$902,971
Highway Fund	\$0	\$333,256	\$333,256	\$333,256

Fiscal Detail and Notes

This bill impacts the State Employee Health Plan by requiring that compensation remitted by or on behalf of a pharmaceutical manufacturer, developer or labeler to a pharmacy benefits manager be remitted first to the covered person at the point-of-sale up to the amount of any cost sharing associated with a prescription drug and then any remaining amount must be remitted to and retained by a carrier to offset health insurance premium costs. It is expected that this change will take effect on or after July 1, 2024. The total cost to the plan is estimated to be \$2,000,000 in fiscal year 2024-25. The bill includes General Fund appropriations of \$902,971 in fiscal year 2024-25 and Highway Fund allocations of \$333,256 in fiscal year 2024-25 for state departments and agencies that pay premiums to the State Employee Health Plan to cover the increased costs for those two funds. The remaining costs of \$763,773 in fiscal year 2024-25 will be distributed across multiple funds across state government.

Any additional costs to the Department of Professional and Financial Regulation associated with the provisions of this bill are expected to be minor and can be absorbed within existing budgeted resources. The collection of additional fines may increase other dedicated revenue by minor amounts.