Testimony in Opposition of LD 1162
Maine Joint Committee on Health Coverage, Insurance and Financial Services
April 16, 2019

The Biotechnology Innovation Organization (BIO)
Washington, DC

Chairwoman Sanborn, Chairwoman Tepler and distinguished members of the Committee on Health Coverage, Insurance and Financial Services, the Biotechnology Innovation Organization (BIO) would like to express our opposition to LD 1162 sponsored by Senator Vitelli. BIO is the world's largest trade association representing biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO members are involved in the research and development of innovative healthcare, agricultural, industrial and environmental biotechnology products.

Our opposition to the bill stems from the fact that LD 1162 fails to account for the impact out-of-pocket costs have on patients to innovative therapies, which manufacturers do not dictate but rather an individual patient's insurance plan. Research consistently demonstrates that cost sharing has an inversely proportional relationship to medication adherence: as cost sharing increases, adherence decreases, which in turn, can have a negative impact on patient health outcomes and increases in overall healthcare costs (e.g., hospitalizations, physician office visits, and surgical procedures).

BIO is also concerned that LD 1162 will distort market dynamics for innovative biopharmaceutical medicines on which patients with complex, chronic conditions rely, hampering—rather than improving—patient access to needed therapies. Provisions in LD 1162 aim to promote prescription drug pricing transparency by requiring manufacturers to report direct costs for a prescription drug that unfortunately fails to capture the true complexity and cost associated with developing prescription medicines. These disclosures are likely to affect negatively on the broader healthcare ecosystem by hampering the competitive marketplace and placing burdensome reporting requirements on all manufacturers, especially small and mid-sized biopharmaceutical developers.

Furthermore, provisions that include advanced notice of price increases only exacerbate distortions in the marketplace. Advanced notification of price increases can lead to purchasers stockpiling drugs at lower prices only to take advantage of higher prices down the road. This can disrupt the supply chain and lead to drug shortages. This sort of speculative pricing in the pharmaceutical supply chain used to be a reality, but manufacturers have been successful in eliminating it in recent years.¹

While BIO shares the Maine Legislature's concern about the affordability of healthcare, LD 1162 is not the answer. We are concerned that while provisions in the bill aim ultimately to lower the price of medicines, it may actually do the opposite by eroding

¹ "The Pharmaceutical Supply Chain & Impacts of Advance Price Notification", PhRMA Fact Sheet.
the competitive marketplace for prescription drugs and limiting patient access to prescribed therapies in the short-term and innovative products in the long term.

We appreciate the opportunity to convey our concerns and hope that members of the committee seriously consider the points raised here. We look forward to working with you in advancing legislation that will truly benefit patients.

Respectfully Submitted,

/s/

Angela Gochenaur
Director, State Government Affairs – Eastern Region
The Biotechnology Innovation Organization (BIO)
1201 Maryland Ave., SW
Suite 900
Washington, DC 20024