HDA
Healthcare Distribution Alliance

PATIENTS MOVE US.

The Honorable Heather Sanborn, Senate Chair
The Honorable Denise Tepler, House Chair
c/o Christian Ricci Legislative Information Office
100 State House Station
Augusta, ME 04333

April 13, 2021

Re: Healthcare Distribution Alliance (HDA) Concern RE: LD 675, An Act to Protect Maine Consumers from Unsupported Price Increases on Prescription Medicines by Creating an Independent Review Process

Co-Chairs Sanborn and Tepler, and Members of the Joint Committee on Health Coverage, Insurance, and Financial Services:

On behalf of HDA, I would like to express our opposition to LD 675 out of concern it fails to accurately reflect the complexity of the pharmaceutical supply chain. HDA is the national trade association representing healthcare wholesale distributors — the vital link between the nation's pharmaceutical and healthcare manufacturers and more than 180,000 pharmacies, hospitals, and other healthcare settings nationwide. Distributors are unlike any other supply chain participants – their core business **does not involve manufacturing, marketing, prescribing or dispensing medicines, nor do they set the wholesale acquisition cost (WAC) of prescription drugs, influence prescribing patterns, or determine patient-benefit design.** Their key role is to serve as a conduit for medicines to travel from manufacturer to the provider while making sure the supply chain is fully secure, fully functional, and as efficient as possible. Due to these efficiencies, HDA member companies generate between *$33 and $53 billion in estimated cost savings each year* to our nation's healthcare system.[1]

With respect to LD 675 and its impact on wholesale distributors, I would like to bring two issues to your attention:

1. **§2036. Sales of Identified Prescription Drugs Prohibited**
    - The language within this section could be interpreted to apply to sales to or from wholesale distributors; entities that have no authority over the wholesale acquisition cost or pricing of drugs in general. For example, a distributor may acquire a product from the pharmaceutical manufacturer (at WAC) located in another state but sell the product to a provider in Maine. There should be clarifying language that ensures distributors are not inadvertently held liable by the State Tax Assessor.
2. **§2037. Prohibition on Withdrawal of Identified Prescription Drugs for Sale**
    - The determination *not* to sell a product in Maine would fall outside the scope of a wholesale distributor; said determination would occur at the direction of the pharmaceutical manufacturer, who could impose such conditions on the sale of the product to the wholesaler. Thus, wholesale distributors should not be subject to the penalty within this Act if they are acting at the direction of the pharmaceutical manufacturer.

[1] The Role of Distributors in the US Health Care Industry Report; https://www.hda.org/resources/the-role-of-distributors-in-the-us-health-care-industry

HDA appreciates the importance of containing costs; however, LD 675 (as drafted) comes dangerously close to pairing pharmaceutical manufacturers and wholesale distributors as the same entity. For these reasons, we are unable to support the bill and request and unfavorable vote.

Thank you,

Will Dane
Director, State Government Affairs
Healthcare Distribution Alliance