



June 21, 2021

Dear Governor Mills,

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we would like to express our strong opposition to LD 1117, an act which establishes generic prescription drug price controls. Despite well-meaning legislative intent and the importance of prescription drug affordability, Maine patients and taxpayers will not be well-served should the provisions of this bill become law.

LD 1117 imposes what is effectively a price control and business micromanagement administered by the heavy hand of government. Unfortunately, this well-intentioned legislation creates unintended consequences which could limit the availability of generic prescription options to Maine consumers. Generic pharmaceutical companies would be at the mercy of arbitrary "excessive" price increases determined by the consumer price index in conjunction with the legislature's uninformed price caps. Just like the onerous tax policies NTU works to reform, burdensome government mandates on businesses can drive up compliance costs, deter economic development and, in turn, affect the finances of families across the state.

This legislative response, to a few high-profile reports of price increases in a limited number of off-patent or generic drugs, is fundamentally flawed. The reality is that drug prices in general, and generic prices in particular, are not the root cause of perceived or actual rises in health care costs – they are simply rare instances that grab headlines. It is rather notable that the legislation does not account for systemic flaws and erroneously assumes that the price of a drug is determined solely by one piece of the supply chain puzzle. This legislation blatantly ignores the multiple stakeholders involved in determining what consumers ultimately pay for medications and it overlooks the role of consumer drug coverage. LD 1117 will have long standing, detrimental effects on innovation and development of groundbreaking, life-saving medications.

Beyond the obvious consequences for consumers, taxpayers have an abiding interest in ensuring that public policy respects this balance between generics and innovator drugs. While the former helps to keep outlays for programs such as Medicaid from growing further out of control, the latter provides access to treatments that help reduce long hospital stays and expensive surgeries. Placing heavier burdens on doing business in your state on generic and off-patent firms will tamper with these benefits.

Lastly, this legislation creates an arbitrary environment where the government has virtually all the power and businesses have virtually all the burdens. This will likely mean that potential

start-ups in *any* field considering Maine for their location will be tempted to look elsewhere, opting for states that do not impose such onerous market controls. LD 1117 fails to consider that manipulating economic structure through regulatory provisions or legislative decree often generates negative results.

The stated purpose of this legislation is to lower prescription drug prices and reduce out-of-pocket costs for Maine's patients. NTU shares these goals and recognizes the challenges faced by patients and taxpayers. In consideration of our mutual goals, we strongly believe that imposing government-dictated price controls on generic prescription drugs will not lower drug prices and will ultimately decrease patient access to important and life-saving medications.

We hope you stand with the patients and taxpayers of Maine and veto this legislation. The future health of all sectors in the state's economy, and by extension the well-being of taxpayers, is at stake. Thank you for your time and consideration.

Sincerely,

Leah Vukmir
Vice President of State Affairs

Jessica Ward
Director of State Affairs