2022 Annual Report on Prescription Drug Compensation for Benefit of Covered Persons

Prepared by the Maine Bureau of Insurance

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Background

Under 24-A M.R.S. § 4350-A, health insurance carriers must file annual reports with the Superintendent of Insurance, demonstrating how they used compensation from a pharmaceutical manufacturer, developer or labeler to benefit their members during the previous calendar year. This report is for January 1, 2022 through December 31, 2022.

This report includes the responses received from Aetna Life Insurance Company, Aetna Health, Inc., Cigna Health and Life Insurance Company, Anthem Health Plans of Maine, Inc., Community Health Options, Harvard Pilgrim Health Care and HPHC Insurance Company (combined), United Healthcare of New England, and United Health Care Insurance Company. To protect the confidentiality of company information provided, we have assigned each carrier a random letter as indicated in the charts below.

Statutorily Required Questions and Carrier Answers

1) The total amount the company, as a carrier[i], or a pharmacy benefits manager that the company as a carrier contracts with, received directly or indirectly from any pharmaceutical manufacturer, developer or labeler:

Carrier A	$52,436,281.00
Carrier B	$115,802.00
Carrier C	$2,809,089.00
Carrier D	$42,999,228.92
Carrier E	$7,469,067.60
Carrier F	$5,824,765.68
Carrier G	$247,670.46
Carrier H	$3,051,129.64

2) The percentage of the amount that was remitted directly to a covered person at the point of sale and an explanation of the methods by which the company is providing this amount directly to covered persons:

Carrier A	2.5%	For claims where a rebate is generated, the allowed cost is reduced by the rebate prior to cost share determination. The cost share is applied to the reduced amount, therefore deductible claims get the full rebate, coinsurance claims get a share of the rebate, and copay claims may experience savings if the reduced allowed is less than the copay.
Carrier B	6.0%	At the point of sale, a calculation is done to see if the member's liability per the members' benefit is greater than the cost of the drug less an estimated rebate amount. If it is, the member pays the cost of the drug less an estimated rebate in place of the normal member liability.
Carrier C	5.0%	At the point of sale, a calculation is done to see if the member's liability per the member's benefit is greater than the cost of the drug less an estimated rebate amount. If it is, the member pays the cost of the drug less an estimated rebate in place of the normal member liability.
Carrier D	0.0%	RX rebates are not applied directly to covered persons at the point of sale.
Carrier E	0.0%	No explanation given.
Carrier F	0.0%	No explanation given.
Carrier G	11.0 %	At point of sale, rebates are applied to reduce the total cost of the drug before member cost share is calculated.
Carrier H	7.0%	At point of sale, rebates are applied to reduce the total cost of the drug before member cost share is calculated.

3) The percentage of the amount that was applied to its plan design to offset premium in future years and an explanation of how the company is applying these funds to offset premium in future years:

Carrier A	97.5%	Assumed prescription drug rebates are included in the rate development process for the Individual, Small Group and Large Group segments and factored in as a reduction to claims (for the individual and small group markets) or a reduction in administrative expense (in the large group market) in developing premium rates. Both approaches result in a reduction of premium.
Carrier B	94.0%	Rebates retained by the health plan are used as an input in determining what the premiums in the future years will be.
Carrier C	95.0%	Rebates retained by the health plan are used as an input in determining what the premiums in the future years will be.
Carrier D	100%	100% of Rx rebates are applied to plan design to offset the premium in future years. For the Small Group and Individual markets, Rx rebates are credited as an offset to pharmacy claims directly in the rate development process thereby reducing premiums to all covered members. In our Large Group market, Rx rebates are reflected in the premium through the underwriting process. Note that when setting premiums, we project pharmacy rebates based on future expectations. This may not exactly match the pharmacy rebates received during the year. There is also uncertainty inherent in estimating pharmacy rebates in a given year.

Carrier E	100%	100% of manufacturer compensation received by us and our PBM for Individual and Small Group business is applied to offset future premiums. Premiums in the pricing period are based on the claims experience in the experience period adjusted forward to the pricing period for trend, benefit and cost-sharing differences, changes in network contract terms, changes in membership demographics, retention, etc. For example, premiums in the pricing period 1/1/2022-12/31/2022 were based on claims experience from 1/1/2020-12/31/2020 with adjustments as previously mentioned. The claims experience in the experience period is net of pharmacy rebates received for the pharmacy claims incurred in that period.
Carrier F	100%	No explanation given.
Carrier G	89.00%	In calculation of premium, the value of rebates is considered in the administrative component of the calculation.
Carrier H	93.00%	In calculation of premium, the value of rebates is considered in the administrative component of the calculation.

Summary

Three carriers applied 100% of the amount received directly or indirectly from any pharmaceutical manufacturer, developer or labeler to its plan design to offset future premiums. Five carriers reported that less than 100% of the amount is applied to offset future premiums, but these amounts were small. In each of those cases, the remaining amounts were applied to lower the cost of the drug prior to the sale to the consumer.

[i] For this report, carrier* was defined by 24-A M.R.S. s. 4347 as follows:

"Carrier" has the same meaning as in section 4301-A, subsection 3, except that "carrier" does not include a multiple-employer welfare arrangement, as defined in section 6601, subsection 5, if the multiple-employer welfare arrangement contracts with a 3rd-party administrator to manage and administer health benefits, including benefits for prescription drugs. "Carrier" also includes the MaineCare program pursuant to Title 22, chapter 855 and the group health plan provided to state employees and other eligible persons pursuant to