



Healthcare Distribution Alliance

HEALTH DELIVERED

February 29, 2024

Representative Lori Houghton, Chair  
Representative Francis McFaun, Vice Chair  
CC: House Committee on Health Care Members and Staff  
Vermont State House  
115 State Street, Room 45  
Montpelier, VT 05633

### **HDA Amendment Request H.233**

On behalf of our members and the wholesale distribution industry, the Healthcare Distribution Alliance (HDA), the trade association for the nation's wholesale distributors, would like to **share our ongoing concerns with Section 4. Wholesale Drug Distributor Program; Working Group; Report. Contract in HB 233, and respectfully express our ongoing view that striking that section before advancing the bill would best support a stable supply chain for Vermont patients.**

HDA is the national trade association representing healthcare wholesale distributors — the vital link between the nation's pharmaceutical and healthcare manufacturers and more than 330,000 pharmacies, hospitals, and other healthcare settings nationwide. Each day, wholesale distributors work around the clock to ship nearly 10 million pharmaceutical products to pharmacies, hospitals, and other healthcare providers daily to keep their shelves stocked with the medications and products they need to treat and serve patients. In Vermont, our members serve nearly 700 such sites of care. Wholesale distributors do not set list prices, do not create formularies or determine reimbursements for pharmacies, or play a role in what patients pay at the counter.

HDA greatly appreciates the thoughtful consideration and work that the sponsor, committee, and staff have put into this bill. We believe that amending the wholesale drug distributor section of the bill from implementation to work group is a positive step for the bill. However on behalf of our members- who are the nation's wholesale drug distributors- we still have remaining concerns and would like to reshare our request that the committee strike this section of the bill completely from the bill before advancing it.

Additionally, HDA would like to express our agreement with DVHA's assessment as shared with the committee on 2/27 that the work group and subsequent report would be duplicative to past efforts and would be unlikely to produce the intended results. The conceptual framework for the wholesale drug distributor clause as presented in H.233 is not compatible with the wholesale distribution model- reflected by the fact that in 2018, no wholesale distributors responded to the RFI, as raised by DVHA. HDA also agrees with DVHA's assessment that implementing the wholesale distribution concepts presented in H.233 would be burdensome and further could disrupt access to essential medications for Vermont patients. In addition to the harm such limitations to access would cause Vermont patients, HDA would

further add that such disruptions would render the state of Vermont at risk for becoming noncompliant with federal Medicaid network adequacy requirements.

HDA also finds it concerning that the work group would seek to implement a wholesale drug distributor program- but would not be comprised of any wholesale drug distributors. Finally, even should a distributor participate in the work group, HDA also agrees with DVHA's assessment that is unclear if the wholesaler model presented by the bill and to be examined by the work group would bring any savings. In fact, wholesale distributors already bring medications to Vermont shelves with an optimal level of efficiency and savings. Wholesale distributors operate on a net profit margin of under 1% on branded medications- the lowest of any entity in the healthcare supply chain-, sell branded medications to pharmacies at their list price, and through national, just-in-time delivery models, technological advances, and streamlined operations, save the U.S. Healthcare System up to 63 billion a year.

As the majority of H.233 seeks to address standards and criteria for PBM licensure and regulations. At this time, HDA respectfully believes that the best way to support pharmacies- without compromising the security of the physical pharmaceutical supply chain in Vermont- would be for the Committee to consider these concepts without the superfluous inclusion of the wholesale drug distributor section. We respectfully request that the entire wholesale drug distributor section be struck from this bill before it is advanced. On behalf of the nation's wholesale drug distributors, thank you for the opportunity to share our perspective. Please see our February 6 letter for more details, or contact me for further discussion at [kmemphis@hda.org](mailto:kmemphis@hda.org).

Sincerely,



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