

April 26, 2023

Dear Chair Lyons and Members of the Senate Health and Welfare Committee,
Blue Cross VT supports the provisions in H.206 the Department of Vermont Health Access miscellaneous bill. Our comments are focused on the amendments you are considering:

Proposed [Amendment \(draft 3.2\)](#) Sections 5 and 6, and the new Section 7 on hospital liens.

Section 5. Blueprint Report

Vermonters' health care dollars are too valuable to not understand exactly who is benefiting and how these dollars are impacting health outcomes.

We request that you add to the reporting the actual number of patients SERVED BY PAYER by the Blueprint program and the services provided, not just attributed (page 1 lines 16 and 17).

There is an important correlation between this provision and the section in the Budget requiring recommendations for increasing Blueprint funding from Vermonters with commercial health insurance.

Any analysis of the program should evaluate not just who pays, but also who benefits from Blueprint services. This question is the most often raised in legislative committee conversations around the Blueprint and having that clarity would help inform future policy conversations.

We strongly believe that the Blueprint should align with the state's health reform goals of increased data transparency, improved quality outcomes (for example, improved diabetic test results, lower blood pressure readings, and higher colorectal cancer screening rates), in order to show the value of the programs you are asking Vermonters to pay for through higher premiums.

Section 6. Repeal of the Repeal on 340b Limitations

We don't oppose Section 6, however repealing it would provide more transparency into PBM payments by identifying 340b claims, which then could allow us to better understand drug costs and pass along these discounts to members through lower premiums.

For an understanding of the broader impact to Vermonters from the PBM bill the Legislature passed last year, Blue Cross VT members will pay \$9 million more in their premiums in 2024 due to an increase in prescription drugs purchased through hospital outpatient pharmacies. This is a direct financial transfer from the Vermonters you serve who pay hefty commercial premiums, to hospitals with a 340b pharmacy. When you consider the point the Department of Financial Regulation made in their Act 131 report, that prescription medication prices in the U.S. have increased 35% since 2014, this added burden to Vermonters is significant.

When a brand drug is filled at a hospital 340b pharmacy, the consumer – either the patient or their health plan – pays full price for the drug. The drug manufacturer refuses to pay rebates to the health insurer (which in our case are used to drive down our member's premiums and lower costs for our self-insured customers) because of the lower wholesale price for the drug paid by the 340b pharmacy.

The hospital with the 340b pharmacy gets revenue from the spread between the lower wholesale price from the drug manufacturer and the full price paid by the patient and their health plan.

Vermonters with commercial health insurance coverage do not benefit from the 340b pharmacy discounts at pharmacies. FQHCs do offer a sliding scale, but there is no requirement for savings to be passed along by other 340b entities.

If the goal is to positively impact the affordability of prescription drug costs for those who are most on the hook to pay for them, 340b savings should be passed onto Vermont patients. Currently, the significant income derived from 340b programs drives up cost for the Vermonters who purchase health insurance.

Premiums are based on the cost of care—hospitals and drug costs being the main drivers.

We propose:

- That the Legislature increases drug price transparency. Hospitals should be required to report in their hospital budget filings to the GMCB the amount of 340b income they receive and how they spend it.
- A statutory cap be created on the on the spread that hospitals are allowed to charge Vermonters for pharmaceuticals.

Section 7. Hospital Liens

Blue Cross and Blue Shield of Vermont strongly supports the proposal to limit, and in some instances prohibit, hospital liens against damages recovered by a patient after a serious accident. This is an important consumer protection and will expand safeguards for both insured and uninsured Vermonters. For Blue Cross, protecting our members against the financial catastrophe from medical bills is our top priority. The proposed legislation would require a hospital to accept a patient's health insurance coverage - Medicaid, Medicare or commercial, as payment.

People rightly expect that after investing monthly in premiums their health insurance plan will be accepted to cover medical claims. This change would guarantee that protection. We encourage you to act to protect Vermonters and update this section of the law.

Thank you for considering our comments on the proposed amendments to H.206.

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