



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Issue Brief

Updated 3/23/2023

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### **The Prescription Drug Manufacturer Fee and the Evidence-Based Education and Advertising Fund**

*The purpose of this issue brief is to explain the Prescription Drug Manufacturer Fee and the Evidence-Based Education and Advertising Fund.*

#### **Summary**

**T**he manufacturer fee is a fee of 1.75% of the previous calendar year's prescription drug spending by the Department of Vermont Health Access based on manufacturer labeler codes as used in the Medicaid rebate program.<sup>1</sup> According to statute, the collected fees can be used to fund following:

- Collection and analysis of information on pharmaceutical marketing activities (often referred to as academic detailing).<sup>2</sup>
- Analysis of prescription drug data needed by the Office of the Attorney General for enforcement activities.
- The Vermont Prescription Monitoring System (VPMS).<sup>3</sup>
- The evidence-based education program.<sup>4</sup>
- Statewide unused prescription drug disposal initiatives.
- Prevention of prescription drug misuse, abuse, and diversion.
- The Substance Misuse Prevention Oversight and Advisory Council.<sup>5</sup>
- Treatment of substance use disorder.
- Exploration of nonpharmacological approaches to pain management.
- A hospital antimicrobial program for the purpose of reducing hospital-acquired infections.
- The purchase of fentanyl testing strips.
- The purchase and distribution of naloxone to emergency medical services personnel
- Any opioid antagonist education, training, and distribution program operated by the Department of Health or its agents.

*The manufacturer fees are collected in the Evidence-Based Education and Advertising Fund.*

The fees are collected into a special fund called the Evidence-Based Education and Advertising Fund.<sup>6</sup>

<sup>1</sup> 33 V.S.A. § 2004

<sup>2</sup> 18 V.S.A. §§ 4632 and 4633

<sup>3</sup> 18 V.S.A. §§ 4281–4290

<sup>4</sup> 18 V.S.A. § 4622

<sup>5</sup> 18 V.S.A. § 4803

<sup>6</sup> 33 V.S.A. § 2004a

## History

- Both the fee and fund were created in Act 80 of 2007.<sup>7</sup> The fee was initially established at a rate of 0.5% of the previous calendar year's prescription drug spending by the Department of Vermont Health Access based on manufacturer labeler codes as used in the Medicaid rebate program.
- The fee was increased from 0.5% to 1.5% in 2016.<sup>8</sup>
- The fee was increased again from 1.5% to 1.75% in 2019.<sup>9</sup>

## Revenues and Expenditures

### FY 2022

- FY 2022 revenues from the fee were \$3,806,885
- Expenditures from the fund in FY 2022 totaled \$3,494,973. The following chart shows how the funds were spent in FY 2022.

Evidence -Based Education and Advertising Fund SFY 2022 Expenditures by program	
Prescription Drug Education	\$356,509
Opioid Antagonist Program	\$1,830,717
Prescription Drug Monitoring Program	\$506,143
Antibiotic Stewardship	\$6,741
Prescription Drug Disposal	\$558,111
Substance Misuse Prevention Council	\$236,751
<b>Total</b>	<b>\$3,494,972</b>

### FY 2023

- FY 2023 revenues from the fee are estimated to be between \$4.7 and \$4.8 million.
- The budgeted FY 2023 appropriation from the fund is \$4,814,281

### FY 2024

- The Governor's FY 2024 budget recommendation proposes an appropriation of \$3,513,916 from the fund.

According to the Vermont Department of Health, the fund has an unobligated balance totaling \$2.6 million after taking into account the Governor's FY 2024 budget recommendations and estimated FY 2024 revenues from the manufacturer fee.

<sup>7</sup> Act 80 of 2007 (S.115). An act relating to increasing the transparency of prescription drug pricing and information.

<sup>8</sup> Act 173 of 2016 (S.243). An act relating to combating opioid abuse in Vermont.

<sup>9</sup> Act 70 of 2019 (H.527). An act relating to Executive Branch and Judicial Branch fees.