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Issue Brief
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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

The 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.[1] 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).[2]
- Analysis of prescription drug data needed by the Office of the Attorney General for enforcement activities.
- The Vermont Prescription Monitoring System (VPMS).[3]
- The evidence-based education program.[4]
- Statewide unused prescription drug disposal initiatives.
- Prevention of prescription drug misuse, abuse, and diversion.
- The Substance Misuse Prevention Oversight and Advisory Council.[5]
- 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. [6]

[1] 33 V.S.A. § 2004
[2] 18 V.S.A. §§ 4632 and 4633
[3] 18 V.S.A. §§ 4281–4290
[4] 18 V.S.A. § 4622
[5] 18 V.S.A. § 4803
[6] 33 V.S.A. § 2004a

History

- Both the fee and fund were created in Act 80 of 2007.[7] 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.[8]
- The fee was increased again from 1.5% to 1.75% in 2019.[9]

Revenues and Expenditures

Exhibit 1 shows the revenues from the Prescription Drug Manufacturer Fee into the Fund, expenditures from the Fund, and ending fund balances for fiscal years 2022, 2023, and estimated 2024.

Exhibit 1

Evidence-Based Education and Advertising Fund Balance, FY 2022 to FY 2024 est. (x million)

Fiscal Year	Prior Year Ending fund Balance	Revenues	Expenses	Ending Fund Balance
2022	$2.3	$3.8	($3.5)	$2.6
2023	$2.6	$5.3	($3.6)	$4.3
2024 Est.	$4.3	$4.7	($3.8)	$5.2

Exhibit 2 shows the expenditures by program for fiscal years 2022, 2023, and estimated 2024.

Exhibit 2

Evidence-Based Education and Advertising Fund Expenditures by program

Fiscal Years 2022, 2023 and FY 2024 est.

	FY 2022	FY 2023	Estimated FY 2024
Prescription Drug Education	$356,509	$457,406	$500,000
Opioid Antagonist Program	$1,830,717	$1,851,865	$1,900,000
Prescription Drug Monitoring Program	$506,143	$521,124	$525,000
Antibiotic Stewardship	$6,741	$20,208	$25,000
Prescription Drug Disposal	$558,111	$557,772	$600,000
Substance Misuse Prevention Council	$236,751	$218,213	$220,000
Total	**$3,494,972**	**$3,626,588**	**$3,770,000**

According to the Vermont Department of Health, the fund is estimated to have an unobligated balance totaling $5.2 million at the close of fiscal year 2024.

[7] Act 80 of 2007 (S.115). An act relating to increasing the transparency of prescription drug pricing and information.
[8] Act 173 of 2016 (S.243). An act relating to combating opioid abuse in Vermont.
[9] Act 70 of 2019 (H.527). An act relating to Executive Branch and Judicial Branch fees.