HDA
Healthcare Distribution Alliance
HEALTH DELIVERED

HDA Statement on Vermont Senate Bill 98 Draft 2.2
March 14, 2024

The Healthcare Distribution Alliance (HDA) offers this letter to respectfully share some ongoing supply chain concerns with the committee regarding **Senate Bill 98 Draft 2.2.**

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 15 million healthcare products (medicines, medical supplies, durable medical equipment, etc.) 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.

Wholesale distributors are unlike any other supply chain participants. In contrast to other entities in the healthcare system, distributors are primarily responsible for the physical handling and logistics of medicines and healthcare products. They have no role in determining the amount patients pay for medicines, which medicines are included on formularies, benefit design decisions, or reimbursement rates for dispensing pharmacies.

While HDA supports the state's efforts in seeking a better understanding of the prices that consumers see at the pharmacy counter, and **we greatly appreciate certain amendments that have been made to SB 98 which better protect the supply chain, such as striking out the explicit use of an upper payment limit (UPL). However, since the legislation refers to the Board looking at Medicare's Drug Price Negotiation Program, HDA wishes to reshare our concerns for the committee's consideration regarding any state expending resources to implement maximum fair price (MFP) at the state level, a policy which we believe would not bring savings to patients out-of-pocket costs, but rather jeopardize timely patient access to critical medications.**

Any MFP which Medicare negotiates can not simply be copied at the state level, without causing disruptions to that state's pharmaceutical supply chain. State-level UPLs do not adequately reflect how prescription drugs are bought and paid for in the U.S. A state-level UPL, especially a UPL following federal MFP limits implemented for Medicare Part D through a number of means, would place caps on in-state purchases but not out-of-state purchases. This would ultimately limit the ability of pharmacies, clinics or other points of care to recoup costs for administering or dispensing these products, which could result in sites of care being unable to stock these medications, disrupting access to critical pharmaceuticals. For example, the Colorado PDAB's first attempt to establish a UPL was abandoned due to the patient community expressing their concerns over the inability to access the product should the state move forward with setting an UPL.

Again, while we appreciate the intent of the legislation, HDA believes that Vermont patients would be better served by the state using valuable resources to continue more sustainable efforts already underway, such prescription drug education efforts, rather than using such funds for the Green Mountain Board to emulate efforts of experimental and costly prescription drug affordability boards with the ability to set policies that may jeopardize patient access.

For these reasons, HDA respectfully continue our opposition to S.B. 98 at this time. Please contact me at kmemphis@hda.org or if you have any questions or would like to discuss further how policies allowing for the use of maximum fair price could negatively impact the supply chain in Vermont. Thank you for this opportunity to share our concerns.

Sincerely,

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance
kmemphis@hda.org