

S.216, Committee of Conference

Hi Rep Pearson,

DVHA wanted to share the below email with you re: S.216. Please let us know if Aaron or I can provide you with any additional information today.

Thanks,  
Lindsay

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**Lindsay Parker**  
Agency of Human Services

**From:** French, Aaron  
**Sent:** Wednesday, May 04, 2016 11:00 AM  
**To:** [msirotkin@leg.state.vt.us](mailto:msirotkin@leg.state.vt.us)  
**Cc:** Parker, Lindsay <[Lindsay.Parker@vermont.gov](mailto:Lindsay.Parker@vermont.gov)>; Nolan Langweil <[NLangweil@leg.state.vt.us](mailto:NLangweil@leg.state.vt.us)>; Hogue, Nancy <[Nancy.Hogue@vermont.gov](mailto:Nancy.Hogue@vermont.gov)>; French, Aaron <[Aaron.French@vermont.gov](mailto:Aaron.French@vermont.gov)>  
**Subject:** 340b  
**Importance:** High

Senator Sirotkin,

**We understand that conference committee will meet again today on S.216 and discuss Section 4 – a requirement for DVHA to use the same dispensing fee for 340B drugs as for non-340B drugs.**

DVHA strongly requests that this change not be made at this time, and that the Department be asked to prepare a report to study the proposed change. Our two main concerns are: 1) Timing – there is a federal regulation that will force VT Medicaid to change dispensing fees by 2017, and 2) Risk of entities carving out – projected cost savings for DVHA at risk if entities carve out of 340B program, and its unknown what entities will do.

- **Not good timing for proposed change because there is a new federal regulation for outpatient drugs (CMS-2345-FC) that will require VT Medicaid to change dispensing fees. Change will happen when Medicaid moves to actual acquisition cost (AAC) for all pharmacies. Implementation of this federal regulation may mean that DVHA raises the dispensing fee to \$12 for all drugs later this year. The S.216 proposal would tie that to 340B as well. This would not be ideal for VT Medicaid.**
- **Cost savings estimate come with disclaimer that it is difficult to predict how many covered entities will carve out of the 340B program. Depending on if and how many entities carved out of the program, DVHA may not realize the cost savings estimated or may see costs lost. DVHA estimates that there is on average 2-3% net cost savings with the 340B program. For context, DVHA only spent \$7 million in the 340B program, compared to 200 million pharmacy budget.**

**If you have any questions, please let us know.**

Enjoy the Day,

**Aaron**

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