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Agency of Human Services
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MEMORANDUM

To: Representative Bill Lippert, Chair, House Committee on Health Care

From: Cory Gustafson, Commissioner, Department of Vermont Health Access

Cc: Al Gobeille, Secretary, Agency of Human Services

Date: February 14, 2017

Re: Department of Vermont Health Access SFY 2018 Budget Testimony

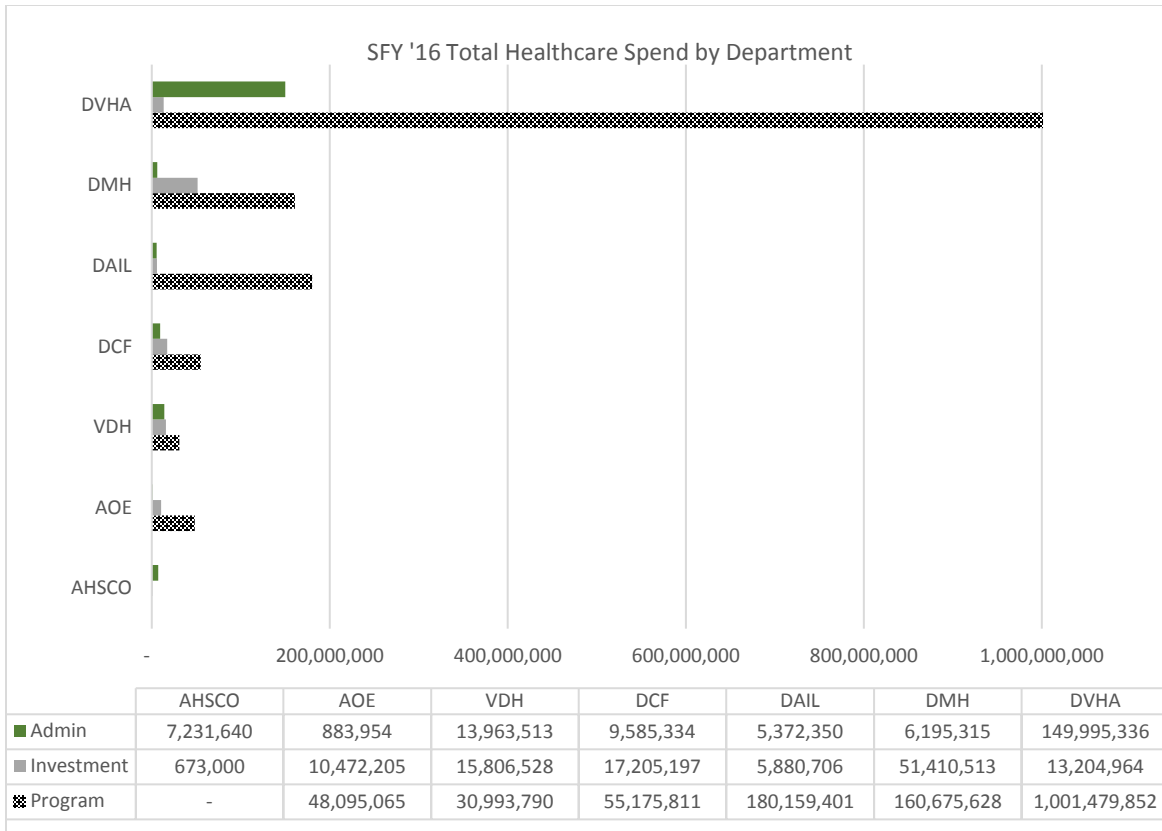
On behalf of the Department of Vermont Health Access (DVHA), this memorandum is in response to questions raised during testimony on the state fiscal year (SFY) 2018 budget in the House Committee on Health Care on February 9, 2017.

Could a description of the individual categories of services be provided?

Currently there is no source document that exists with this level of information. DVHA will engage in the process to create a source document.

What is the total spend by department for all Medicaid spend (program, investments, and admin)?

Please see the below table for spend in SFY 2016:



What are the mechanics for obtaining the new caseload reserve dollars?

The mechanics would be the SFY 2018 appropriations process (depending on what trends look like in the next few months), the emergency board, the BAA or the SFY 2019 appropriations bill. There are additional opportunities that the legislature has to appropriate the funds between now and the end of SFY 2018.

Is there any proposed language that describes the VHC shift?

There is no language being proposed. The operational plan does not require statutory changes.

Would a PBM be getting better prices and rebates for their Medicaid clients than their private-pay clients?

Pharmacy prices for Medicaid are established by the State Medicaid Agency and are federally mandated to cover the estimated acquisition cost plus a reasonable cost for dispensing. The PBM does not negotiate these. In Vermont, commercial clients pay pharmacies less than what Vermont Medicaid pays due to the magnitude of the PBM’s client base and their respective bargaining power. PBMs also do not negotiate rebates for Medicaid. Those are federally mandated. It is true that private plans are not able to negotiate the same level of rebate as what is statutorily required for Medicaid; however, as stated above, they also do not reimburse pharmacies at the same level.