When the Vermont Retail Druggists and Otis & Kennedy, LLC. began our campaign to bring a measure of transparency to Healthcare, we understood that many Healthcare dollars and opportunities were leaving the State at the cost of Vermont citizens. In our MAC drug pricing proposal we introduced some language, later passed, that we feel can serve to bring some of those dollars back into the State.

Title 18: Chapter 221: Subchapter 009 § 9472

Presumably, the State is now seeing the amount of money that some pharmacy benefit managers (PBMs) are up-charging the Health Insurers. Since I have yet to see any numbers let us for purpose of this conversation call it 3% increase from the retail claim amount. The question then becomes, "What does this money represent?" To the VRD it represents another layer of confusion on the true cost of pharmaceuticals. How are we ever to fully understand what the drivers are in price changes if "Real" costs are not transparent? When a local insurer like BCBS of VT goes to evaluate the cost of its pharmaceutical expenses and make formulary decisions, are they basing that evaluation on the price that the local pharmacy accepts for the product or are they basing it on the inflated price from the PBM. Do they ever see the "Real" claim amount? Now I can understand administrative/operational costs that the PBM should seek to recoup. However, changing or rather concealing the cost of medications seems a bit of a stretch. The model should, and in many cases does, separate those expenses. The cost of the drug is the cost of the drug; and admin fees are admin fees. That being said, should a PBM decide to "mark up" the price of a pharmaceutical product dispensed in Vermont, it could be argued that the are "retailing" the product and should therefore be subject to the same taxation of revenue as all Vermont retail pharmacies. Distinction needs to be made between the "product" costs and "admin" costs because should such a taxation exists the PBMs would undoubtedly pass such a burden onto the Health Insurer who in turn would only pass it on to the constituents at the premium level. Imposing a tax on the "product" and not the "admin" would offer the PBMs an out that would and encourage more transparent practice. Transparency remains at this point, the only reasonably attainable goal until such a time as we are ready to embrace more fundamental changes to our health system.