

**To: Vermont Senate Health and Welfare Committee**

**From: Ashlie Van Meter, Senior Director State Government Affairs,  
Association for Accessible Medicines  
[Ashlie.VanMeter@Accessiblemeds.org](mailto:Ashlie.VanMeter@Accessiblemeds.org)**

**Re: S.B. 92**

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**Chairwoman Ayer and Members of the Senate Health and Welfare Committee:**

The Association for Accessible Medicines (AAM), previously the Generic Pharmaceutical Association, is the trade association that represents generic and biosimilar manufacturers. AAM thanks you for allowing stakeholders to provide comment on S.B. 92. Generics account for 89% of prescriptions dispensed in the United States but only 26% of total drug spending. Last year, generics saved Vermont \$405 million dollars, and that could be increased through increased generic utilization, and with the removal of obstacles like gag order provisions where pharmacy benefit managers penalize a pharmacy or pharmacist for providing information to an insured regarding the insured's cost-sharing amount for a prescription drug, telling Vermont consumers that there is a lower cost generic option instead of a costly brand. We commend the Committee for including a provision that would prohibit such behavior in Vermont. With the removal of such provisions Vermont will increase generic utilization, and thereby savings. Increased generic utilization is the answer to concerns about high priced drugs

Unfortunately, there are other provision within the bill that will inadvertently harm the very drugs that should be protected so that generic manufacturers may provide affordable lifesaving medicine in Vermont. Section 9 of S.B. 92, which amends 18 V.S.A. Section 4635, relies upon a set of definitions that must be more precisely defined so that generic drugs are not inadvertently targeted. As of now, there is no definition of "significant health care dollars" which is a fundamental part of the transparency amendment. Without a definition for "significant health care dollars," any increase could be interpreted as an amount that should be included within Section 9, even if a generic drug goes from 2 to 4 cents for a course of treatment. The first criteria examined is expressed as a percentage. With percentages used as a first criteria, generics and off-patent brands are the only medicines that will likely be captured, and not high cost brands that truly drive prescription drug cost increases in the state. However, these generics do not represent a large percentage of actual spending by the state, and a small percentage increase on an expensive brand would actually have a much larger impact, but would not be captured if the section remains in current form. In order to ensure that the list actually represents which medicines are driving cost increases in Vermont the Committee should consider adding a WAC floor, such as \$100, and limit the number of generics on the list to three. This small change will ensure that low cost generics are not targeted while costly brands are not included.

Additionally, if a WAC floor and limit on the number of generics is not adopted, it becomes even more important that portions of the section are more clearly defined. As drafted now, with percentages as the first criteria, it is likely that only generics and off-patent brands will be included and while high cost brands are left to drive cost, but still avoid capture on the list. To ensure that does not occur, and to make certain that the actual drivers of cost are included

“significant health care dollars” must be further defined. Without additional clarification costly branded products will be able to avoid inclusion on the list simply because of a lack of clarity and certainty, all the while still driving increased prescription drug costs in Vermont. As such, it is crucial that the language is amended to further define “significant health care dollars”. This can easily be done by adding, on page 14 Line 4, the following:

(3) “Significant health care dollars” shall be defined as when total spending on the drug ranks it in the top 50 drugs by total spend for payors.

The inclusion of this definition will ensure that the transparency language will accurately represent which products are actually driving cost increases. This is the purpose of the changes contained herein, and with further clarification, Vermont will be in a position to learn the medicines that are truly driving cost increases. AAM and counsel would happily provide further detail on why such changes are necessary to accomplish the stated goal of understanding the spend on prescription drugs in Vermont. For the reasons cited herein, AAM respectfully request the inclusion of the definition of “significant health care dollars”.

**Respectfully,**

A handwritten signature in black ink, appearing to read "Ashlie Van Meter". The signature is written in a cursive style with a long horizontal stroke at the end.

**Ashlie Van Meter, Senior Director State Government Affairs, Association for Accessible Medicines (AAM)**