

1 S.140

2 Introduced by Senator Mullin

3 Referred to Committee on

4 Date:

5 Subject: Health; Medicaid; prescription drugs; pharmacies; wholesale drug
6 distributors

7 Statement of purpose of bill as introduced: This bill proposes to direct the
8 Agency of Human Services to establish a process for selecting and contracting
9 with a wholesale drug distributor that will rebate to the Department of
10 Vermont Health Access the difference between what the wholesaler charges a
11 community or outpatient pharmacy for a prescription drug and the wholesaler's
12 actual cost to acquire the drug.

13 An act relating to using a single wholesale drug distributor to supply
14 prescription drugs for Vermont Medicaid

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 Sec. 1. 33 V.S.A. § 2011 is added to read:

17 § 2011. WHOLESALE DRUG DISTRIBUTOR CONTRACT

18 (a) Definitions. As used in this section:

19 (1) "Dead net cost" means the wholesale acquisition cost of a
20 prescription drug, less any applicable discounts and all vendor rebates, fees,

1 and incentives, including inventory management agreement fees, fee for
2 service agreements, volume incentives, rebates, and reporting fees.

3 (2) “Wholesale drug distributor” shall have the same meaning as in
4 26 V.S.A. § 2022.

5 (b) The Agency of Human Services shall establish a competitive bidding
6 process for wholesale drug distributors through which the selected wholesaler
7 shall be the sole source to distribute prescription drugs to the community and
8 outpatient pharmacies with which the wholesaler enters into contracts for
9 prescription drugs dispensed to beneficiaries of Medicaid and other State
10 health assistance programs for which the Department of Vermont Health
11 Access pays pharmaceutical claims. The Agency of Human Services shall
12 convene a group comprising one representative each from the Green Mountain
13 Care Board, the Department of Vermont Health Access, the Vermont Board of
14 Pharmacy, the Vermont Association of Chain Drug Stores, and the Vermont
15 Community Pharmacy Network to conduct the competitive bidding process
16 and to select the wholesale drug distributor that the group determines:

17 (1) will offer the greatest rebates to the Department of Vermont Health
18 Access;

19 (2) will provide complete transparency; and

20 (3) demonstrates a willingness to facilitate additional savings throughout
21 the State by expanding the program to additional public and private purchasers.

1 (c) The wholesale drug distributor selected pursuant to subsection (b) of
2 this section shall:

3 (1) establish contracts with all Medicaid-participating community and
4 outpatient pharmacies operating in this State;

5 (2) maintain compliance with all applicable federal and State statutes,
6 rules, and regulations relating to the operation of a wholesale drug distributor;

7 (3) segregate the commercial portion of its pharmacy business from the
8 Vermont Medicaid portion;

9 (4) match the Department of Vermont Health Access's reports of claims
10 paid per pharmacy with the pharmacies' invoices;

11 (5) rebate to the Department of Vermont Health Access the difference
12 between the wholesaler's charges to the community and outpatient pharmacies
13 and the wholesaler's dead net costs; and

14 (6) collaborate with the Department of Vermont Health Access to
15 maximize the amount of direct manufacturer rebates and minimize the costs of
16 the Medicaid formulary.

17 (d) Only those community and outpatient pharmacies that agree to purchase
18 their entire Vermont Medicaid inventory from the wholesaler selected pursuant
19 to this section shall be eligible to establish or maintain enrollment as Medicaid-
20 participating pharmacy providers.

1 (e) The terms of the contracts between the wholesale drug distributor, the
2 Department of Vermont Health Access, and the Medicaid-participating
3 community and outpatient pharmacies are exempt from public inspection and
4 copying under the Public Records Act and shall be kept confidential.

5 Sec. 2. EFFECTIVE DATE

6 This act shall take effect on passage.