



Healthcare Distribution Alliance

PATIENTS MOVE US.

March 10, 2022

Representative William Lippert Jr., Chair
CC: House Committee on Health Care Members and Staff
Vermont State House
115 State Street, Room 45
Montpelier, VT 05633

Re: HDA opposition to H.353

Dear Chair Lippert and Members of the House Committee on Health Care:

The Healthcare Distribution Alliance (HDA), the national trade association representing healthcare wholesale distributors, offers this letter to express our concerns surrounding **H.53, An Act Relating to Pharmacy Benefit Management**. We believe that if H.353 is implemented as drafted, it would pose multiple logistical challenges for the Vermont healthcare system that should be addressed before this bill is favorably advanced.

HDA members serve as the critical logistics providers of the healthcare supply chain, adding efficiency and ultimately saving the healthcare system billions of dollars each year. HDA members work 24 hours a day, 365 days a year to ensure approximately 10 million healthcare products, including specialty drugs, are safely and securely delivered to more than 180,000 providers across the country every single day.

Specifically, HDA and our members are concerned with the achievability of the “**Wholesale Drug Distributor Contract**” section of H.353. This section proposes a mechanism for contract bidding that may create burdensome logistical difficulties for many wholesale distributors and ultimately limit their ability to pursue participation in the program. Most notably, the bill would require wholesale distributors to segregate specific product from other portions of their inventory, something that would be implausible due to the logistics of shipping pharmaceutical supplies and due to the obligation to comply with the federal standards of traceability as set forth in the Drug Supply Chain Security Act (DSCSA) of 2013.

Another concern is that creating “a financial mechanism through which pharmacies shall be relieved of drug unit costs” does not appear to be compatible with existing supply chain pricing practices, and it is unclear how this unique pricing mechanism could be successfully operationalized. In fact, should pharmacies choose not to contract with the designated wholesale distributor due to the financial and logistical challenges of this proposed process, the resulting supply chain disruption could prevent beneficiaries from being able to access the medications they need. In addition to the harm this would

cause Vermont patients, this would also risk rendering the state of Vermont noncompliant with federal Medicaid network adequacy requirements.

We respectfully request that you take these concerns and the potential impact of H.353 on the healthcare supply chain in Vermont into consideration and consider amending or removing these issues from the bill before favorably advancing this legislation. We appreciate the opportunity to share our perspective. Please contact me any questions or for further discussion at kmemphis@hda.org.

Sincerely,

Kelly Memphis
Director of State Government Affairs
Healthcare Distribution Alliance
kmemphis@hda.org