



Vermont Association of Chain Drug Stores

To: Representative Bill Lippert
Cc: House Health Care Committee

From: Heather Shouldice

Date: March 9, 2022

Re: H.353 An Act Relating to Pharmacy Benefit Management

On behalf of our members, we would like to provide the following comments. After review of the bill, members specifically support the provisions for prompt pay, beneficiaries to choose their own pharmacy, and additional audit rights.

The only section that members have significant concern over is the “Wholesale Drug Distributor Contract.” This approach would be unique to Vermont and would result in forcing pharmacies to have two separated inventories of drugs. Two sets of inventories would require double the tracking and restricts the ability of pharmacies to react swiftly to shortages. Other states trying to manage the drug costs in Medicaid are looking at other approaches such as managing prescriptions totally through the Fee for Service program which would provide the state total transparency as to the cost of the drug and cost to dispense. The wholesale drug distributor approach would require a new unique distribution system for Vermont, require approval from CMS, and provide no safety nets for critical drug shortages.

This program could diminish pharmacy competition because it is undercutting the ability for a pharmacy to negotiate for the purchase of drugs from various trading partners. Specifically, creating an exclusive access point for purchase means that pharmacies cannot search for a better price on the market. We believe that this approach is not ready for prime time and needs to be studied before the legislature proceeds.

This could also create issues for pharmacies to operationalize the program. Medicaid drugs may need to be kept separate from other drugs purchased for patients with other kinds of insurance (For example Medicare, commercial, etc.).

We believe that in the past, Vermont has considered a single wholesaler for all pharmacies purchasing but no one applied to become the single wholesaler. We will continue to weigh in along the way should this provision pass, but we are apprehensive to believe that this will work operationally or save money.

**VACDS represents traditional drug stores to supermarkets with pharmacies – from regional chains with three stores to national companies. Chains operate more than 40,000 pharmacies across the country and employ more than 3.5 million employees, including 130,000 pharmacists.*

