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House Health Care Committee

Testimony 3/10/2022 H 353

Honorable Chairman and Fellow Committee members,

Thank you for the opportunity to express to you, and for your consideration of, Vermont Pharmacies' comments on the proposed language within H 353. This committee has been steadfast in achieving its goal of increasing transparency, accessibility, equity, and accountability, within the pharmaceutical market. The language before you is nothing more than a continuation toward that aim.

The National Association of Insurance Commissioners has worked for many years now on drafting model language for the appropriate regulation of Pharmacy Benefit Managers, or PBMs. Historically, these middlemen entities have operated with little oversight and transparency. Their methods of "cost control" are shrouded in contract proprieties and secrecy. Today, those methods are increasingly being scrutinized and questioned for their legitimacy as cost "savers" and, in some cases, exposed as cost "accumulators". Most recently, the Federal Trade Commission considered a 6B study of PBMs and continues today seeking information from stakeholders. The need for oversight has never been more necessary. The NAIC model attempts to create a framework for which ALL states can build upon to achieve that oversight. In Vermont, much of the framework was already present in statute, thanks in large part to this committee. H 353 simply supplements missing components of that framework with language that has passed in other states, most recently in New York and Michigan. NASHP reported that some 200 pieces of legislation around PBMs and prescription drugs are currently under consideration this year. It's clear that this system needs to be improved. The problem is we still don't truly know what's going on. Only a select few can truly compare "apples to apples". As more and more Vermonters struggle to afford their prescriptions, we strongly urge this committee to continue its pursuit of transparency.

The model language also furthers the quest of increasing Access. Pharmacists have continually been identified as the most accessible healthcare provider in our country. Yet today we see pharmacies across the country shuttering their doors. Even large chains are looking at more consolidated and centralized models. This is undoubtedly true for Vermont. In the last decade, more than half of Vermont's independent pharmacies have closed and the remaining few are strongly considering it. This is largely due to the questionable practices of the PBMs. The model language does not set out to create winners and losers in the market, but rather to establish criteria that levels the field so that independent pharmacies have a fair chance and put an end the bullying of anti-consumer actors. Vermonters deserve to have a Choice in how they receive their care. The continued vertical integration of large players highlights the threat imposed on Vermonters that their health options will soon be dictated by nothing more than a stock price.

Thank you,

Jeff Hochberg