

Thank you again for inviting VSEA in again to discuss this important legislation and incorporating some of our concerns in the newest draft of H.233. I'm sorry I cannot be with you in person or virtually today. I will keep VSEA's points brief:

1. Page 10, line 13-14: What is a “reasonable” dispensing fee? Who is going to determine what reasonable dispensing is? PBMs, pharmacists, insurers, and plan members may have different definitions of what a “reasonable” dispensing fee is.
2. VSEA’s primary concern at this point is the new section on drug rebates found on Page 11, Section 2(A), lines 1-10. VSEA is unsure at this moment if this section is practicable based on how rebates are calculated and when the rebate calculation occurs. If the rebate is determined by the total health plan drug spend, it will be difficult to ascertain the amount to apply to each individual plan user. Furthermore, rebates are accrued after the cost of the drugs had been paid, so it will be difficult to project what individuals and the health plan would receive for rebates while setting premiums for the future year.

This proposal will make health insurance premiums less affordable for our members, as premiums increase to offset the projected (but unknown) net amount of rebates that will continue to accrue to the health plan. The administrative cost of administering this provision (assuming it is practicable as drafted) is also of great concern, as these administrative expenses (and the premiums paid for them) will make our collectively bargained insurance plan more expensive for taxpayers and plan members. A cost-benefit analysis of this provision should be conducted prior to its passage into law, as the administrative expense may outweigh or significantly hinder the intended benefit.

VSEA prides itself on bargaining a great health plan that offers comprehensive, cost-effective coverage for our members. This includes for prescription drugs, where our members’ maximum out-of-pocket-expenses are half of the Vermont statutory maximum (\$800 for individuals, \$1600 for couples and families [Selectcare]). Considering the unknown consequences or practicability of the rebate provision— and our collectively bargained health insurance plans’ already significant investment in mitigating prescription drug costs for our members— VSEA again respectfully seeks an exemption for the State Employee Health Insurance Plans from this provision, should the committee decide to proceed with it as drafted.

Thank you,

Adam Norton
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