



State of Vermont

Department of Vermont Health Access (DVHA)

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February 29th, 2024

**H. 233 Written Testimony: Department of Vermont Health Access (DVHA)- Pharmacy Unit.
Response to legislative questioning:**

The purpose of this written testimony is to respond in writing to questions posed by members of the House Committee on Healthcare regarding H. 233- An act relating to pharmacy benefit management and Medicaid wholesale drug distribution.

- DVHA supports the committee's attempts at reducing drug costs by researching new pharmacy supply programs.
- DVHA is willing to support section 4 of this bill and participate in the working group, if the Committee feels the need to continue with section 4, as is currently written.
- However, DVHA cannot commit the resources required to lead this working group without an appropriation for an additional position on the pharmacy team.

Questions from the House Committee on Healthcare:

The committee requested more details on the report generated by Act 193 and why DVHA feels this work is duplicative to H.233's working group. DVHA is tasked with explaining, in more detail, why section 4 work has already been completed.

Act 193:

- Section 11a. Created a working group to "investigate and analyze prescription drug pricing throughout the prescription drug supply chain in order to identify opportunities for savings for Vermont consumers and other payers and for increasing prescription drug price transparency at all levels of the supply chain, including manufacturers, wholesalers, pharmacy benefit managers, health insurers, pharmacies, and consumers."
- The report generated by this committee was submitted in 2018, Vermont Medicaid Drug Wholesaler Savings Initiative.
- In this report, DVHA had contemplated a new model, whereby the State of Vermont would enter into a competitive pricing contract with a single drug wholesaler to supply drugs to Medicaid-enrolled pharmacies for the Vermont Medicaid program.

Table 1: Duplicative work, comparing Act 193 to section 4 of bill H. 233.

<u>Act 193</u>	<u>H. 233</u>
Created a working group to analyze possible savings in the drug supply chain.	Requires AHS to create a working group to consider how implementing changes to the drug supply chain, through a wholesaler, would result in drug savings.
The working group from ACT 193 decided to pursue a single wholesaler contract for drugs and learn more about this process.	Requires research to implement a program through which one or more wholesale drug distributors would be the sole source to distribute prescription drugs to the community and outpatient pharmacies
A request for information (RFI) was completed in September 2018. There were no responses to this request.	The result of a working group from H. 233 would presumably lead to another RFI. Unsure if there would be a response this time.
This work is an entirely new concept within State Medicaid programs. Unsure of the benefits and risks, as there are not any states that have completed this work.	The RFI generated from ACT 193 did not result in any responses. We are still unaware of the potential benefits and risks of this new program.

In 2018 are report was submitted to the legislature and can be found here:

[Sec.11a-Act-193-Prescription-Drug-Cost-Savings-and-Price-Transparency.pdf \(vermont.gov\)](#)