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Agency of Human Services

To: House Committee on Health Care

From: Alex McCracken, Director of Communications and Legislative Affairs, Department of Vermont Health Access

Date: Wednesday, February 28, 2024

Re: H.233 Testimony

Good afternoon, Madam Chair, members of the committee. Thank you for having me today, and I apologize for not being able to join you in person. Stay healthy everyone. For the record, my name is Alex McCracken, Director of Communications and Legislative Affairs for the Department of Vermont Health Access.

I appear today to share thoughts from DVHA's Pharmacy Unit regarding H. 233. DVHA's clinical pharmacists continuously review drug coverage and provide department updates related to cost. As such, our pharmacy team has several concerns with the bill as written before you today.

Our primary concern remains with Sec. 4: the wholesale drug distribution working group. We feel that this work is duplicative, overlapping significantly with the Act 193 report from 2018 that did not bear any significant results. An RFI was completed, after substantial work from a work group, and there were no responses from interested parties.

The state operating as a wholesaler would be unlike any contract held by a wholesaler. This would be a completely new process would likely present difficulties to those submitting offers to the RFI.

The state would likely not have the population to garner the lower net costs that a large pharmacy chain can. We are unconvinced that net prices would ultimately be lower than those submitted by pharmacies currently.

Additionally, Medicaid rebates already result in substantial savings on drugs, and it is unclear if using a cost-plus/wholesaler model would result in extra savings.

Importantly, this presents a significant burden on DVHA and on pharmacies. This would be an entirely new process across the board, and we cannot expect to have



time to implement a separate inventory with appropriate management and ordering. This could create potentials for inappropriate billing, or the possibility that they could pull from the wrong supply for a commercial insurance claim.

We are also concerned that this could significantly limit patient access to pharmacies, if CVS or Walgreens did not comply with rule, for example, our members would have not have access to those pharmacies to use.

While DVHA would be happy to participate in these discussions, and we are eager to pursue any potential avenues of cost saving, we cannot commit the resources required to spearhead this working group without an appropriation for an additional position in our pharmacy team. If this work were to be put on the Department, or the Agency, we would require additional resources in order to carry on that effort. Ultimately, we want to ensure that we're not spending money to cover ground that we already covered in 2018.

We should also note, that the effective date as written presents a difficult timeline for presenting a report. We would ask, if this is the course the committee chooses to pursue, that the effective date be pushed to 1/1/26.

Thank you for your consideration and thoughtful deliberation of H. 233. The Department stands by to be a resource in this conversation, and we appreciate your time. Thank you for having me, and I am happy to answer any questions at this time.