Chair Houghton,

Thank you for allowing me to submit written testimony on the updated draft of H 233. But, upon further review, we have additional concerns about the point of sale rebate language in Section 3612 Prohibited Practices subparagraph (2)(A):

At least annually, a health benefit plan shall determine for each covered person the total amount of all rebates the plan or its pharmacy benefit manager received in connection with the dispensing or administration of a drug to the person and shall pass along that amount to the covered person whose use of the drug or drugs generated the rebates. If the amount of any rebate attributable to a covered person exceeds the covered person's net out-of-pocket cost for the drug, the amount to be passed through to the covered person shall equal the person's net out-of-pocket cost for the drug, and the plan shall retain any remaining rebate to reduce premiums.

Technically speaking, it is unclear to us how this will be done. The above suggests that at least annually, a health plan will determine the amount of rebates received and pass that back to the covered person, but when? The previous language point of sale mandate, which we are also opposed to, reflects how it would be done and is being done by plans that choose to do so at the pharmacy counter. The amended language in the bill is unclear as to when a patient would receive and who would be making the payment to the patient (plan or PBM).

I want to reiterate that plans do have the option to offer point-of-sale rebates, but H 233 would mandate this benefit design, and it is taking away the option for plans to design their own benefit. This will raise premiums for everyone in the plan while only impacting a small percentage of beneficiaries. Of all the analyses I have seen from other states, it is in the single digits of those affected by this, yet everyone will feel it with higher premiums. Additionally, the drug manufacturers, who set the prices and are the reason for patients struggling to pay for drugs due to the high cost, are the ones pushing this policy throughout the States. We are concerned that the state of Vermont is considering policies from drug manufacturers regarding rebates, which are discounts off the prices they set.

PCMA urges the committee not to pass a policy to raise premiums for everyone but to shift their focus on drug manufacturers that set prices and keep prices high. This bill will remove the tools PBMs utilize to keep costs low for plans in the state and we urge you to reconsider the passage of H 233.

Thank you and I would be happy to answer any questions you or the committee might have.

Sam Hallemeier | PCMA | *Senior Director, State Affairs* **|**