



Healthcare Distribution Alliance

HEALTH DELIVERED

Representative Lori Houghton, Chair
Representative Francis McFaun, Vice Chair
CC: House Committee on Health Care Members and Staff
Vermont State House
115 State Street, Room 45
Montpelier, VT 05633

HDA Statement Opposing S.B. 98

Dear Representative Houghton, Representative McFaun, and Honorable Members of the Committee:

The Healthcare Distribution Alliance (HDA) offers this statement to share some supply chain concerns with the committee regarding **Senate Bill 98, Establishing a Prescription Drug Pricing Board**- specifically, that applying state-level maximum fair price limits to a national supply chain could limit or disrupt Vermont patient access to critical medication.

HDA is the national trade association representing healthcare wholesale distributors — the vital link between the nation’s pharmaceutical and healthcare manufacturers and more than 330,000 pharmacies, hospitals, and other healthcare settings nationwide. Each day, wholesale distributors work around the clock to ship nearly 15 million healthcare products (medicines, medical supplies, durable medical equipment, etc.) to pharmacies, hospitals, and other healthcare providers daily to keep their shelves stocked with the medications and products they need to treat and serve patients. In Vermont, our members deliver medications to 697 sites of care.

Wholesale distributors are unlike any other supply chain participants. In contrast to other entities in the healthcare system, distributors are primarily responsible for the physical handling and logistics of medicines and healthcare products. Distributors do not set drug list prices. Distributors also have no role in determining the amount patients pay for medicines, which medicines are included on formularies, benefit design decisions, or reimbursement rates for dispensing pharmacies.

While HDA supports the state’s efforts in seeking a better understanding of the prices that consumers see at the pharmacy counter, **since the legislation refers to the Board looking at Medicare’s Drug Price Negotiation Program, HDA wishes to share our ongoing concerns for the committee’s consideration regarding any state-level efforts to implement maximum fair price (MFP) at the state level, a policy which we believe would not bring savings to patients out-of-pocket costs, but rather jeopardize timely patient access to critical medications.**

Any MFP which Medicare negotiates cannot be replicated from the federal to the state level without causing disruptions to that state’s pharmaceutical supply chain. State-level UPLs do not adequately reflect how prescription drugs are bought and paid for in the U.S. A state-level UPL, especially a UPL following federal MFP limits implemented for Medicare Part D through a number of means, would place caps on in-state purchases

but not out-of-state purchases. This would ultimately limit the ability of pharmacies, clinics or other points of care to recoup costs for administering or dispensing these products, which could result in sites of care being unable to stock these medications, disrupting access to critical pharmaceuticals. For example, the Colorado PDAB's first attempt to establish a UPL was abandoned due to the patient community expressing their concerns over the inability to access the product should the state move forward with setting an UPL.

Again, while we appreciate the intent of the legislation, HDA believes that Vermont patients would be better served by the state using valuable resources to continue more sustainable efforts already underway, such prescription drug education efforts.

For these reasons, HDA respectfully continues our opposition to S.B. 98. Please contact me at kmemphis@hda.org or if you have any questions or would like to discuss further how policies allowing for the use of maximum fair price could negatively impact the supply chain in Vermont. Thank you for this opportunity to share our concerns.

Sincerely,

A handwritten signature in blue ink that reads "Kelly Memphis".

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance
kmemphis@hda.org