



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

March 18, 2024

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### **S.98 – An act relating to Green Mountain Care Board authority over prescription drug costs**

**As recommended by the Senate Committee on Health and Welfare, Draft 3.2**

#### **Bill Summary**

The bill would require the Green Mountain Care Board (GMCB), in consultation with its own technical advisory groups and other State agencies, to explore and create a framework and methodology for implementing a program to regulate the cost of prescription drugs for Vermont consumers and Vermont’s health care system. The bill would create two permanent classified positions at the GMCB to lead the exploration, development, and implementation of the prescription drug regulation program and appropriate \$495,000 to the GMCB from the Evidence-Based Education and Advertising Fund in fiscal year 2025 for the following purposes:

- \$245,000 to fund two positions created in the bill:
  - one director of Prescription Drug Pricing; and
  - one Policy Analyst for Prescription Drug Pricing.
- \$250,000 to contract with experts on prescription drug-related issues.

Finally, the bill would amend the statute to include “the Green Mountain Care Board’s prescription drug cost regulation initiatives” as an allowable use of funds from the Evidence-Based Education and Advertising Fund.

#### **Background and Details**

The Evidenced-Based Education and Advertising Fund is funded by a manufacturer fee of 1.75% of the previous calendar year’s prescription drug spending by the Department of Vermont Health Access (DVHA) based on manufacturer labeler codes as used in the Medicaid Rebate Program.<sup>1</sup> Money from this special fund can only used for activities as defined in 33V.S.A. § 2004a.<sup>2</sup>

Sec. 2 of the bill would add “the Green Mountain Care Board’s prescription drug cost regulation initiatives” as an allowable activity in statute, enabling it to fund the new positions and consultant contract required in Sec. 1 of the bill. It would also put a \$1 million cap on the amount the GMCB can spend on this initiative in a given fiscal year.

<sup>1</sup> 33 V.S.A. § 2004

<sup>2</sup> 33 V.S.A. § 2004a

According to the Vermont Department of Health (VDH), the Fund is estimated to have an unobligated balance totaling \$5.2 million at the close of fiscal year 2024. There will be sufficient funds to cover the \$495,000 appropriation in fiscal year 2025. However, this appropriation will need to be considered alongside other priorities of the Administration and General Assembly in regard to uses for the Fund, including those in the Department's fiscal year 2025 budget recommendation.

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