



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

January 26, 2024

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### **H.72 – An act relating to a harm-reduction criminal justice response to drug use**

As Passed by the House

#### **Bill Summary**

**T**his bill proposes several provisions relating to harm-reduction and criminal justice responses to drug use. The following sections of the bill would have fiscal impacts:

#### **Sections 4 and 5 – Manufacturer Fee & the Evidence-Based Education and Advertising Fund**

Sec. 4 of the bill would increase the Prescription Drug Manufacturer Fee from 1.75% to 2.25% of the previous calendar year’s prescription drug spending by the Department of Vermont Health Access (DVHA), based on manufacturer labeler codes used in the Medicaid rebate program.<sup>1</sup> This increase is estimated to raise an additional \$1.3 million each year. Revenues from the manufacturer fee are deposited into the Evidence-Based Education and Advertising Fund and can be used for a variety of activities as specified in 33 V.S.A. § 2004a.<sup>2</sup>

Additionally, Secs. 4 and 5 amend statute to allow for a new use for these funds – “grants to overdose prevention centers to address the harms of the opioid epidemic.”

#### **Section 6 – Pilot Program; Overdose Prevention Centers**

Sec. 6 would authorize \$2,000,000 in fiscal year 2025 from the Evidence-Based Education and Advertising Fund to the Department of Health (VDH) for the purpose of awarding grants for two fixed-site or mobile overdose prevention centers to applicants that demonstrate the ability to run such a program.

#### **Sections 7 and 8 – Study and Appropriation**

Sec. 7 would require that the VDH contract with a researcher or independent consulting entity with expertise in the field of rural addiction or overdose prevention centers, or both, to study the impact of the overdose prevention center pilot programs authorized in Sec. 6. The study shall evaluate the current impacts of the overdose crisis in Vermont, as well as any changes up to four years following the implementation of the overdose prevention center pilot programs. In addition to interim annual reports, VDH would submit a final report with the results of the study and recommendations to the General Assembly on or before January 15, 2029.

<sup>1</sup> 33 V.S.A. § 2004

<sup>2</sup> 33 V.S.A. § 2004a

Sec. 8 would appropriate \$300,000 to VDH from the Opioid Abatement Special Fund for the purpose of funding the study required by Sec. 7.

## Fiscal Impacts

Appropriation / Authorization				
Sec.	To	For	Amount	Fund
6	Vermont Health Department	Grants to two fixed-site or mobile overdose prevention centers	\$2,000,000	Evidence-Based Education and Advertising Fund
7,8	Vermont Health Department	Contract with researcher / consulting entity to study overdose prevention center program	\$300,000	Opioid Abatement Special Fund
Sec.	Revenue			Fund
4		Manufacturer Fee	\$1,300,000	Evidence-Based Education and Advertising Fund

## Other Considerations

### Evidence-Based Education and Advertising Fund

According to VDH, the Evidence-Based Education and Advertising Fund currently has an unobligated balance of \$2.6 million. This is in addition to the additional \$1.3 million that is raised in this bill from increasing the Prescription Drug Manufacturer Fee by 0.5%. As such, there would be sufficient funds in fiscal year 2024 to cover the grants in Sec.6.

### Opioid Abatement Special Fund

According to the Agency of Human Services (AHS), at the close of fiscal year 2023 there was a balance of approximately \$11 million in the Fund. Act 22 (2023) appropriated \$8,196,000 from the Fund. To the Joint Fiscal Office's (JFO's) knowledge, no other funds obligated are from the fund in fiscal year 2024. As such, there should be sufficient funds in fiscal year 2024 to cover the additional cost in Secs. 7 and 8.