



# The Vermont Education Health Initiative

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Vermont School Boards Insurance Trust / Vermont-National Education Association

March 12, 2024

Senator Ginny Lyons, Chair, Senate Committee on Health and Welfare  
Senator David Weeks, Vice Chair  
Senator Ruth Hardy  
Senator Martine Larocque Gulick  
Senator Terry Williams

## **RE: VEHI Endorsement of S.98, Prescription Drug Affordability Board**

Dear Members of the Senate Committee on Health and Welfare:

On February 12, the Board of Directors of the Vermont Education Health Initiative, the state's largest public-sector risk pool for commercial insurance benefits, unanimously endorsed bill **S.98**, which would confer expanded authority on the Green Mountain Care Board to take necessary and appropriate measures to regulate and lower the costs of prescription medications.

Our board consists of representatives appointed by the Vermont-National Education Association and the Vermont School Boards Association. Operationally, VEHI is managed on a day-to-day basis by appointees of Vermont-NEA and the Vermont School Boards' Insurance Trust. VEHI provides health care benefits to approximately 35,000 subscribers, active school employees and a subset of retired educators, and their dependents. All public schools, several private ones, and the Vermont State Teachers' Retirement System constitute our member groups.

VEHI is committed to affordable, accessible, and equitable health care for those we serve – and we want the same for all Vermonters. Prescription costs are a major barrier to achieving this critical objective. Pharmaceutical prices are accelerating at an alarming and unsustainable rate, comprising nearly 20 percent of VEHI's present costs.

**Specialty medications**, for example, the most expensive on the market, accounted in calendar year 2023 for 55 percent of VEHI's Rx spend – yet only 914 people took these medications last year. The average gross cost **per patient** was a staggering **\$46,130**, and the average gross cost **per specialty claim** was **\$6,037**.

By way of comparison, the average gross cost **per claim** of **non-specialty generic medications** in calendar year 2023 was **\$25**. **81 percent** of our total Rx utilization last year was attributable to generic medications. But this longstanding commitment to generics by the great majority of school employees and their families – a consequence of VEHI educational efforts and member engagement with their medical providers – cannot buffer our pool from the sharply rising costs of patent-protected, brand-name drugs.



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Regulation in the public interest in this domain of medical care, therefore, is essential, and S.98 is the proper vehicle for accomplishing this. It will also bring more transparency to the operations of the pharmaceutical industry and their effects on the lives and wellbeing of Vermonters and their employers.

Thank you for your work on S.98. It is important and urgent.

If testimony by us on behalf of VEHI would assist your committee in its deliberations on the bill, we would be happy to provide it.

Sincerely,

*Mark Hage*

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