

1 H.266

2 An act relating to the 340B prescription drug pricing program

3 The House concurs in the Senate proposal of amendment with further  
4 proposal of amendment thereto by striking out Secs. 4–7 in their entirety  
5 and inserting in lieu thereof the following:

6 Sec. 4. 18 V.S.A. § 9407 is added to read:

7 § 9407. OUTPATIENT PRESCRIPTION DRUGS; LIMITATIONS ON  
8 HOSPITAL CHARGES

9 (a)(1) A hospital shall not submit a claim to a health insurer for  
10 reimbursement of a prescription drug administered in an outpatient or office  
11 setting in an amount that exceeds 120 percent of the average sales price (ASP),  
12 as calculated by the Centers for Medicare and Medicaid Services, for any drug  
13 for which the hospital charged any health insurer more than 120 percent of the  
14 ASP in effect as of April 1, 2025.

15 (2) For any prescription drug administered in an outpatient or office  
16 setting for which a hospital charged a health insurer 120 percent or less of the  
17 ASP in effect as of April 1, 2025, the hospital shall not charge the health  
18 insurer a greater percentage of the ASP, as calculated by the Centers for  
19 Medicare and Medicaid, for that drug than the percentage of the ASP that the  
20 hospital charged the health insurer as of April 1, 2025.

1       (3) A hospital shall update the ASP for each drug annually on January 1  
2       and July 1 based on the Centers for Medicare and Medicaid Services' ASP  
3       calculations for the most recent calendar quarter.

4       (b)(1) The purpose of this section is to reduce health care costs. A hospital  
5       shall not charge or collect from the patient or health insurer any amount for a  
6       prescription drug administered in an outpatient or office setting that exceeds  
7       the amounts set forth in subsection (a) of this section or increase the amounts  
8       the hospital charges for other prescription drugs, procedures, tests, imaging, or  
9       other health care goods or services in an effort to offset revenue reduced as a  
10       result of implementing this section.

11       (2) If a hospital demonstrates to the Green Mountain Care Board in its  
12       budget submissions pursuant to subchapter 7 of this chapter that the price cap  
13       set forth in subsection (a) of this section is having a negative impact on access  
14       to care, the quality of care, or the sustainability of rural health care services, or  
15       a combination of these, the hospital may propose to increase the commercial  
16       reimbursement rates for one or more of its service lines, such as primary care,  
17       and the Board shall consider both the demonstrated impact and the proposed  
18       increase to reimbursement rates.

19       (c) The provisions of this section shall remain in effect unless and until the  
20       Green Mountain Care Board establishes a different reference-based price

1 pursuant to section 9376 of this title that applies to prescription drugs  
2 administered in an outpatient or office setting.

3 (d) This section shall not apply to an independent hospital that is  
4 designated as a critical access hospital and that is not affiliated with another  
5 hospital or hospital network based in or outside of Vermont.

6 Sec. 5. OUTPATIENT PRESCRIPTION DRUGS; LIMITATIONS ON  
7 HOSPITAL CHARGES FOR 2025

8 (a)(1) A hospital shall not submit a claim to a health insurer for  
9 reimbursement of a prescription drug administered in an outpatient or office  
10 setting between July 1, 2025 and December 31, 2025 in an amount that  
11 exceeds 130 percent of the average sales price (ASP), as calculated by the  
12 Centers for Medicare and Medicaid Services for the most recent calendar  
13 quarter, for any drug for which the hospital charged any health insurer more  
14 than 120 percent of the ASP in effect as of April 1, 2025.

15 (2) For any prescription drug administered in an outpatient or office  
16 setting for which a hospital charged a health insurer 120 percent or less of the  
17 ASP in effect as of April 1, 2025, the hospital shall not charge the health  
18 insurer a greater percentage of the ASP, as calculated by the Centers for  
19 Medicare and Medicaid Services for the most recent calendar quarter, for that

1 drug between July 1, 2025 and December 31, 2025 than the percentage of the  
2 ASP that the hospital charged the health insurer as of April 1, 2025.

3 (b)(1) The purpose of this section is to reduce health care costs. A hospital  
4 shall not charge or collect from the patient or health insurer any amount for a  
5 prescription drug administered in an outpatient or office setting that exceeds  
6 the amounts set forth in subsection (a) of this section or increase the amounts  
7 the hospital charges for other prescription drugs, procedures, tests, imaging, or  
8 other health care goods or services in an effort to offset revenue reduced as a  
9 result of implementing this section.

10 (2) If a hospital demonstrates to the Green Mountain Care Board in its  
11 budget submissions pursuant to subchapter 7 of this chapter that the price cap  
12 set forth in subsection (a) of this section is having a negative impact on access  
13 to care, the quality of care, or the sustainability of rural health care services, or  
14 a combination of these, the hospital may propose to increase the commercial  
15 reimbursement rates for one or more of its service lines, such as primary care,  
16 and the Board shall consider both the demonstrated impact and the proposed  
17 increase to reimbursement rates.

18 (c) This section shall not apply to an independent hospital that is designated  
19 as a critical access hospital and that is not affiliated with another hospital or  
20 hospital network based in or outside of Vermont.

1   Sec. 6. EFFECTIVE DATES

2       (a) Sec. 4 (18 V.S.A. § 9407; outpatient prescription drugs; limitations on  
3   hospital charges) shall take effect on January 1, 2026.

4       (b) Sec. 5 (outpatient prescription drugs; limitations on hospital charges for  
5   2025) shall take effect on July 1, 2025.

6       (c) The remainder of this act shall take effect on passage, with the first  
7   report under Sec. 2 (18 V.S.A. § 9406) due on or before January 31, 2026.