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H.577

Introduced by Representatives Black of Essex and Berbeco of Winooski

Referred to Committee on

Date:

Subject: Health; prescription drugs; cost-containment; State Treasurer;

Vermont Prescription Drug Discount Card Program

Statement of purpose of bill as introduced: This bill proposes to establish the Vermont Prescription Drug Discount Card Program, to be administered by the Office of the State Treasurer.

An act relating to establishing the Vermont Prescription Drug Discount Card Program

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1, 18 V.S.A., chapter 91, subchapter 7 is added to read:~~

Subchapter 7. Vermont Prescription Drug Discount Card Program

§ 4691. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

PROGRAM

(a) There is established the Vermont Prescription Drug Discount Card Program, administered by the Office of the State Treasurer, for the purpose of pooling prescription drug purchasing power with other U.S. states and

1 ~~territories and nongovernmental organizations. The Program shall be made~~
2 available to all Vermont residents.

3 (b)(1) To further the purposes of the Program, the State Treasurer may
4 cooperate with other U.S. states and territories, regional consortia, or
5 nongovernmental organizations, or a combination of these, to pool prescription
6 drug purchasing power to:

7 (A) reduce prescription drug costs;

8 (B) negotiate discounts with prescription drug manufacturers;

9 (C) centralize prescription drug purchasing; and

10 (D) establish volume discount contracting.

11 (2) As used in subdivision (1)(D) of this subsection, “volume discount
12 contracting” means the negotiated purchase of a large quantity of a
13 prescription drug at a decreased cost.

14 (c) The Treasurer may require that reasonable fees be charged to defray
15 Program costs. Notwithstanding any provision of 32 V.S.A. § 603 to the
16 contrary, the amount and method of collection of any fee shall be determined
17 by the Treasurer based on actual costs.

18 (d) On or before January 15, 2028, and annually thereafter, the State
19 Treasurer shall submit a report to the House Committee on Health Care, the
20 Senate Committee on Health and Welfare, and the Governor detailing the
21 activities of the Program during the previous calendar year, including the

1 ~~number of Vermont residents and pharmacies participating in the Program and~~
2 ~~the amount of savings on prescription drug costs achieved.~~

3 § 4692. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

4 PROGRAM FUND

5 (a) The Vermont Prescription Drug Discount Card Program Fund is
6 established as a special fund to be administered by the State Treasurer to
7 support the Vermont Prescription Drug Discount Card Program established in
8 this subchapter.

9 (b) The Fund shall consist of:

10 (1) any monies appropriated to the Fund by the General Assembly;

11 (2) any monies transferred to the Fund from the federal government,
12 other State agencies, or other government source;

13 (3) any monies from the payment of fees or other monies due to the
14 Program; and

15 (4) any gifts, grants, or donations made to the Fund and any gifts,
16 grants, donations, or investments received by the Treasurer for the Program.

17 (c) The Treasurer shall credit to the Fund all interest earned on Fund
18 balances and any other income derived from the deposit and investment of
19 monies in the Fund.

20 (d) Any unexpended and unencumbered monies in the Fund at the end of a
21 fiscal year shall remain in the Fund.

1 ~~Sec. 2. VERMONT PRESCRIPTION DRUG DISCOUNT CARD~~

2 PROGRAM; IMPLEMENTATION REPORT

3 On or before January 15, 2027, the State Treasurer shall report to the
4 General Assembly regarding implementation of the Vermont Prescription Drug
5 Discount Card Program established in 18 V.S.A. chapter 91, subchapter 7, as
6 added by Sec. 1 of this act, as of that date, including any recommendations for
7 improving the administration of the Program, any fees to be charged to
8 participants, and an estimate of the projected costs to the State in the event that
9 additional financial support is determined to be necessary to administer the
10 Program.

11 Sec. 3. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

12 PROGRAM; EVALUATION AND START-UP FUNDING

13 In fiscal year 2027, the sum of \$50,000.00 is appropriated from the General
14 Fund to the Office of the State Treasurer for the costs of developing and
15 implementing the Vermont Prescription Drug Discount Card Program as set
16 forth in this act.

17 Sec. 4. EFFECTIVE DATE

18 ~~This act shall take effect on July 1, 2026.~~

~~Sec. 1. 18 V.S.A. chapter 91, subchapter 7 is added to read:~~

~~Subchapter 7. Vermont Prescription Drug Discount Card Program~~

~~§ 4601. VERMONT PRESCRIPTION DRUG DISCOUNT CARD~~

PROGRAM

(a) There is established the Vermont Prescription Drug Discount Card Program, administered by the Office of the State Treasurer, for the purpose of pooling prescription drug purchasing power with other U.S. states and territories and nongovernmental organizations. The Program shall be made available to all Vermont residents.

(b)(1) To further the purposes of the Program, the State Treasurer may cooperate with other U.S. states and territories, regional consortia, or nongovernmental organizations, or a combination of these, to pool prescription drug purchasing power to:

(A) reduce prescription drug costs;

(B) negotiate discounts with prescription drug manufacturers;

(C) centralize prescription drug purchasing; and

(D) establish volume discount contracting.

(2) As used in subdivision (1)(D) of this subsection, "volume discount contracting" means the negotiated purchase of a large quantity of a prescription drug at a decreased cost.

(c) The Treasurer may require that reasonable fees be charged to defray Program costs. Notwithstanding any provision of 32 V.S.A. § 603 to the

~~contrary, the amount and method of collection of any fee shall be determined by the Treasurer based on actual costs.~~

~~(d) The amount paid for a prescription drug after application of the Vermont Prescription Drug Discount Card by an individual who is covered by a health insurance plan, as defined in 8 V.S.A. § 4011, shall be attributed toward the covered individual's deductible and out-of-pocket responsibilities in accordance with 8 V.S.A. § 4093 and section 3612 of this title.~~

~~(e) On or before January 15, 2028, and annually thereafter, the State Treasurer shall submit a report to the House Committee on Health Care, the Senate Committee on Health and Welfare, and the Governor detailing the activities of the Program during the previous calendar year, including the number of Vermont residents and pharmacies participating in the Program, the amount of savings on prescription drug costs achieved, and the balance in the Vermont Prescription Drug Discount Card Program Fund.~~

§ 4692. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

PROGRAM FUND

~~(a) The Vermont Prescription Drug Discount Card Program Fund is established as a special fund to be administered by the State Treasurer to support the Vermont Prescription Drug Discount Card Program established in this subchapter.~~

~~(b) The Fund shall consist of:~~

~~(1) any monies appropriated to the Fund by the General Assembly;~~
~~(2) any monies transferred to the Fund from the federal government, other State agencies, or other government source;~~
~~(3) any monies from the payment of fees or other monies due to the Program; and~~
~~(4) any gifts, grants, or donations made to the Fund and any gifts, grants, donations, or investments received by the Treasurer for the Program.~~
~~(c) The Treasurer shall credit to the Fund all interest earned on Fund balances and any other income derived from the deposit and investment of monies in the Fund.~~
~~(d) Any unexpended and unencumbered monies in the Fund at the end of a fiscal year shall remain in the Fund.~~

Sec. 1. 18 V.S.A. chapter 91, subchapter 7 is added to read:

Subchapter 7. Vermont Prescription Drug Discount Card Program

§ 4691. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

PROGRAM

(a) There is established the Vermont Prescription Drug Discount Card Program, administered by the Office of the State Treasurer, for the purpose of pooling prescription drug purchasing power with other U.S. states and territories and nongovernmental organizations. The Program shall be made available to all Vermont residents.

(b)(1) To further the purposes of the Program, the State Treasurer may cooperate with other U.S. states and territories, regional consortia, or nongovernmental organizations, or a combination of these, to pool prescription drug purchasing power to:

(A) reduce prescription drug costs;

(B) negotiate discounts with prescription drug manufacturers;

(C) centralize prescription drug purchasing; and

(D) establish volume discount contracting.

(2) As used in subdivision (1)(D) of this subsection, “volume discount contracting” means the negotiated purchase of a large quantity of a prescription drug at a decreased cost.

(c) Monies received by the Program from transfers, gifts, grants, donations, or any other source, including any monies provided to the State through a cooperative arrangement authorized by this section, shall be deposited in the Financial Literacy and Economic Empowerment Trust Fund established pursuant to 32 V.S.A. § 111 and shall be available to the Office of the State Treasurer to defray costs associated with administering the Program.

(d) The amount paid for a prescription drug after application of the Vermont Prescription Drug Discount Card by an individual who is covered by a health insurance plan, as defined in 8 V.S.A. § 4011, shall be attributed

toward the covered individual's deductible and out-of-pocket responsibilities in accordance with 8 V.S.A. § 4093 and section 3612 of this title.

~~*(c) On or before January 15, 2028, and annually thereafter, the State Treasurer shall submit a report to the House Committee on Health Care, the Senate Committee on Health and Welfare, and the Governor detailing the activities of the Program during the previous calendar year, including the number of Vermont residents and pharmacies participating in the Program and the amount of savings on prescription drug costs achieved.*~~

(e) On or before January 15, 2028, and annually thereafter, the State Treasurer shall submit a report to the House Committee on Health Care, the Senate Committee on Health and Welfare, and the Governor detailing the activities of the Program during the previous calendar year, including the number of Vermont residents and pharmacies participating in the Program; the amount of savings on prescription drug costs achieved; and the impact, if any, of the Program on the viability of Vermont's pharmacies.

Sec. 2. 8 V.S.A. § 4093 is amended to read:

§ 4093. RETAIL PHARMACIES; FILLING OF PRESCRIPTIONS

** * **

(c)(1) A health insurer or pharmacy benefit manager shall permit a participating network pharmacy to perform all pharmacy services within the lawful scope of the profession of pharmacy as set forth in 26 V.S.A. chapter 36.

(2) A health insurer or pharmacy benefit manager shall not do any of the following:

** * **

(F)(i) Exclude any amount paid by or on behalf of a covered individual, including any third-party payment, financial assistance, discount, discount card, coupon, or other reduction, regardless of whether the individual purchased the drug with or without using coverage for the drug under any health insurance plan, when calculating a covered individual's contribution toward:

(I) the out-of-pocket limits for prescription drug costs under section 4092 of this title;

(II) the covered individual's deductible, if any; or

(III) to the extent not inconsistent with Sec. 2707 of the Public Health Service Act, 42 U.S.C. § 300gg-6, the annual out-of-pocket maximums applicable to the covered individual's health benefit plan.

(ii) The provisions of subdivision (i) of this subdivision (F) relating to a third-party payment, financial assistance, discount, coupon, or other reduction in out-of-pocket expenses made on behalf of a covered individual shall only apply to a prescription drug:

(I) for which there is no generic drug or interchangeable biological product, as those terms are defined in 18 V.S.A. § 4601; or

(II) for which there is a generic drug or interchangeable biological product, as those terms are defined in 18 V.S.A. § 4601, but for which the covered individual has obtained access through prior authorization, a step therapy protocol, or the pharmacy benefit manager's or health insurer's exceptions and appeals process.

(iii) The provisions of subdivision (i) of this subdivision (F) shall apply to a high-deductible health plan only to the extent that it would not disqualify the plan from eligibility for a health savings account pursuant to 26 U.S.C. § 223.

(iv) In order to facilitate the appropriate attribution of amounts paid by or on behalf of a covered individual pursuant to subdivision (i) of this subdivision (F) for a covered individual who purchases a prescription drug without using the prescription drug coverage available for the drug under the covered individual's health insurance plan, the health insurer or pharmacy benefit manager, or both, shall:

(I) make readily available on its website a downloadable proof of payment form for a covered individual to use to submit proof of the actual amount that the covered individual paid for the drug; and

(II) provide notice to all covered individuals at least annually that they are responsible for providing proof of payment using the downloadable proof of payment form or another mechanism, if the health

insurer or pharmacy benefit manager elects to make another mechanism available for submitting proof of payment in addition to the downloadable form, in order to have their spending properly attributed to their out-of-pocket limits, deductible, and out-of-pocket maximums as set forth in subdivision (i) of this subdivision (F).

* * *

Sec. 3. 18 V.S.A. § 3612 is amended to read:

§ 3612. PROHIBITED PRACTICES

* * *

(e)(1) A pharmacy benefit manager shall not require a covered person purchasing a covered prescription drug to pay an amount greater than the lesser of:

(A) the cost-sharing amount under the terms of the health benefit plan, ~~as determined in accordance with subdivision (2) of this subsection (e);~~

(B) the maximum allowable cost for the drug; or

(C) the amount the covered person would pay for the drug if the covered person were to pay the pharmacy's usual and customary cash price, after application of any known discounts, if the covered person were paying the cash price instead of using the drug benefit; provided, however, that as used in this subdivision (C), the term "discount" does not include a prescription drug discount card or other third-party prescription drug benefit program.

(2)(A) A pharmacy benefit manager shall attribute any amount paid by or on behalf of a covered person ~~under subdivision (1) of this subsection (e), including any third-party payment, financial assistance, discount, discount card, coupon, or any other reduction in out-of-pocket expenses made by or on behalf of a covered person for prescription drugs, regardless of whether the person purchased the drug with or without using coverage for the drug under any health benefit plan, toward:~~

(i) the out-of-pocket limits for prescription drug costs under 8 V.S.A. § 4092;

(ii) the covered person's deductible, if any; and

(iii) to the extent not inconsistent with Sec. 2707 of the Public Health Service Act, 42 U.S.C. § 300gg-6, the annual out-of-pocket maximums applicable to the covered person's health benefit plan.

(B) The provisions of subdivision (A) of this subdivision (2) relating to a third-party payment, financial assistance, discount, coupon, or other reduction in out-of-pocket expenses made on behalf of a covered person shall only apply to a prescription drug:

(i) for which there is no generic drug or interchangeable biological product, as those terms are defined in section 4601 of this title; or

(ii) for which there is a generic drug or interchangeable biological product, as those terms are defined in section 4601 of this title, but

for which the covered person has obtained access through prior authorization, a step therapy protocol, or the pharmacy benefit manager's or health benefit plan's exceptions and appeals process.

(C) The provisions of subdivision (A) of this subdivision (2) shall apply to a high-deductible health plan only to the extent that it would not disqualify the plan from eligibility for a health savings account pursuant to 26 U.S.C. § 223.

(D) In order to facilitate the appropriate attribution of amounts paid by or on behalf of a covered person pursuant to subdivision (A) of this subdivision (2) for a covered person who purchases a prescription drug without using the prescription drug coverage available for the drug under the covered person's health benefit plan, the pharmacy benefit manager shall:

(i) make readily available on its website a downloadable proof of payment form for a covered person to use to submit proof of the actual amount that the covered person paid for the drug; and

(ii) provide notice to all covered person at least annually that they are responsible for providing proof of payment using a downloadable proof of payment form or another mechanism, if the pharmacy benefit manager elects to make another mechanism available for submitting proof of payment in addition to the downloadable form, in order to have their spending properly

attributed to their out-of-pocket limits, deductible, and out-of-pocket maximums as set forth in subdivision (A) of this subdivision (2).

* * *

Sec. 3a. 32 V.S.A. § 111 is amended to read:

§ 111. FINANCIAL LITERACY AND ECONOMIC EMPOWERMENT

TRUST FUND

(a) There is hereby established ~~and created~~ a special fund entitled the Financial Literacy and Economic Empowerment Trust Fund to be administered by the State Treasurer. ~~The purpose~~ purposes of the Fund is are:

(1) to promote the adoption of fiscally sound money management practices by Vermonters through education and outreach efforts that raise awareness of the need for and benefits of practicing such skills and;

(2) to create opportunities to build and encourage the development of new financial literacy activities and educational products for ~~Vermont citizens~~ Vermonters; and

(3) to support other economic empowerment opportunities for Vermonters.

(b) The Fund may receive State ~~appropriations~~ transfers, gifts, grants, federal funds, and any other funds, both public and private, consistent with this section. ~~The Funds~~ Monies in the Fund may be expended in accordance with the trust fund provisions of section 462 of this title for such financial

literacy projects as the Treasurer may direct and to defray costs associated with administering the Vermont Prescription Drug Discount Card Program established pursuant to 18 V.S.A. chapter 91, subchapter 7, in accordance with the trust fund provisions of section 462 of this title.

(c) The Treasurer may invest monies in the Fund in accordance with the provisions of section 434 of this title. All balances in the Fund at the end of the fiscal year shall be carried forward and shall not revert to the General Fund. Interest earned shall remain in the Fund. The Treasurer's annual financial report to the Governor and the General Assembly shall contain an accounting of receipts, disbursements, and earnings of the Fund.

*Sec. 4. VERMONT PRESCRIPTION DRUG DISCOUNT CARD
PROGRAM; IMPLEMENTATION REPORT*

On or before January 15, 2027, the State Treasurer shall report to the General Assembly regarding implementation of the Vermont Prescription Drug Discount Card Program established in 18 V.S.A. chapter 91, subchapter 7, as added by Sec. 1 of this act, as of that date, including any recommendations for improving the administration of the Program, ~~any fees to be charged to participants,~~ and an estimate of the projected costs to the State in the event that additional financial support is determined to be necessary to administer the Program.

Sec. 5. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

PROGRAM; EVALUATION AND START-UP FUNDING

In fiscal year 2027, the sum of \$50,000.00 is appropriated from the General Fund to the Office of the State Treasurer for the costs of developing and implementing the Vermont Prescription Drug Discount Card Program as set forth in this act.

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2026.