

Date: May 19, 2025
To : House Health Care Committee
From: Sara Teachout, Corporate Director
Government, Public and Media Relations
Subject: Impact of proposed cap on outpatient drugs

We are offering this estimate of the impact of the H.266 draft amendment¹ discussed on May 15, 2025 to support the committee in their decision making for the proposal. This is not an actuarially certified estimate. If Legislation passes, a final certified estimate will be prepared for the QHP rate review process in July.

For the combined Blue Cross VT QHP lines (individual and small group), the projected premium for 2026 would be approximately \$20 million lower than in the 2026 filings submitted on May 12th. This is **approximately a 4% reduction** in projected premium for the combined markets. Each market will be impacted differently due to the distribution of services.

This estimate assumes the following:

- The cap is 120% of the average sales price (ASP) published by CMS; the cap is not a percentage of the Medicare reimbursement rates
- The effective date will be January 1, 2026 or earlier
- Six Vermont hospitals will be subject to this cap; critical access hospitals (CAH) are exempt; the cap only applies to state-regulated providers
- Home infusions will not be subject to this cap
- Hospitals will not increase prices for drugs that are currently less than 120% ASP to the proposed cap
- Hospitals will not undertake initiatives to increase their commercial net patient revenue by using alternative strategies

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<https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Health%20Care/Bills/H.266/Drafts,%20Amendments,%20and%20Legal%20Documents/H.266~Jennifer%20Carbee~Proposed%20Language%20Draft~5-15-2025.pdf>

- Vaccines purchased outside of the Vermont Vaccine Purchasing Program would be subject to the cap
- The unit counts billed by the providers that Blue Cross VT receives on claim submissions are aligned with the CMS' quarterly ASP Pricing File
- Hospitals will not change delivery or billing patterns to exclude these drugs from the cap (from one TIN to another for example, or from one impacted affiliate to another non-impacted one)

It is particularly difficult for Blue Cross VT to predict how hospitals may respond to this legislation and whether they will look for other strategies to increase revenue to compensate.