

H.266 – Limitations on hospital charges for outpatient prescription drugs

1 Sec. A. 18 V.S.A. § 9407 is added to read: **(effective January 1, 2026)**

2 § 9407. OUTPATIENT PRESCRIPTION DRUGS; LIMITATIONS ON HOSPITAL
3 CHARGES

4 (a)(1) A hospital shall not submit a claim to a health insurer for reimbursement of a
5 prescription drug administered in an outpatient or office setting in an amount that exceeds
6 120 percent of the average sales price (ASP), as calculated by the Centers for Medicare and
7 Medicaid Services, for any drug for which the hospital charged any health insurer more
8 than 120 percent of the ASP in effect as of April 1, 2025.

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

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

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

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

(c) The provisions of this section shall remain in effect unless and until the Green Mountain Care Board establishes a different reference-based price pursuant to section 9376 of this title that applies to prescription drugs administered in an outpatient or office setting.

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

Sec. B. OUTPATIENT PRESCRIPTION DRUGS; LIMITATIONS ON HOSPITAL CHARGES FOR 2025 **(effective July 1, 2025)**

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

1 (2) For any prescription drug administered in an outpatient or office setting for
2 which a hospital charged a health insurer 120 percent or less of the ASP in effect as of
3 April 1, 2025, the hospital shall not charge the health insurer a greater percentage of the
4 ASP, as calculated by the Centers for Medicare and Medicaid Services for the most recent
5 calendar quarter, for that drug between July 1, 2025 and December 31, 2025 than the
6 percentage of the ASP that the hospital charged the health insurer as of April 1, 2025.

7 **(b) This section shall not apply to an independent hospital that is designated as a**
8 **critical access hospital and that is not affiliated with another hospital or hospital**
9 **network based in or outside of Vermont.**