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House Committee on Health Care
Vermont General Assembly
115 State Street
Montpelier, VT 05633-5301

Dear Committee Members:

I am writing on behalf of MVP Health Care ("MVP"), which insures approximately 30,000 Vermonters through the Qualified Health Plan (QHP) market. MVP urges the Legislature to repeal the statutory ban on prescription drug "White Bagging," and to pursue additional policy solutions as part of H.266 that:

- mitigate sticker shock for patients receiving drug treatments in outpatient settings.
- provide patients with choices and options to access more affordable prescription drugs.
- establish more transparency and equity in prescription drug prices—regardless of where those drugs are provided.

What's the issue?

Outpatient prescription drugs are a significant cost driver of health care and health insurance. Patients often pay much higher prices for drugs in outpatient settings compared to other locations. This is a national issue, but MVP's data shows that some of the price disparities are particularly pronounced in Vermont. For example, the median prices for outpatient drugs in Vermont can be more than double than those of drugs in New York outpatient facilities, and significantly higher than the average sales prices (ASP) of the drugs:

Drug Name	VT Median (per unit)	NY Median (per unit)
J9271 – Injection, pembrolizumab, 1mg	\$148.06	\$69.27
J1745 – Infliximab Injection	\$375.69	\$59.67
Q5103 – Injection, infliximab-dyyb, biosimilar, (Inflectra), 10 mg	\$123.85	\$25.08
J2506 – Injection, pegfilgrastim, excludes biosimilar, 0.5 mg	\$928.27	\$155.12

Why is this a problem?

Patients receiving treatment in outpatient settings are often unaware of these price disparities and have no choice but to pay the inflated drug cost due to state laws that limit or prohibit health plan strategies that would otherwise help mitigate costs, such as "white bagging." It is unreasonable for:

- the same drugs to have different costs based solely on the setting in which they are provided; and
- state law to limit or prevent patient choice for more affordable options.

Potential Solutions

To address these issues, MVP supports the following solutions:

- Support White Bagging: Repeal the current statutory prohibition on white bagging to enable patients to access more affordable prescription drugs.
- Support Price Equity/Site Neutral Payments: Implement site-neutral payment policies that ensure price equity across different settings and help rationalize costs. Patients shouldn't be forced to pay significant mark-ups on prescription drugs simply because of where they are being treated.
- Explore Benchmarking Outpatient Drugs to a Percentage of ASP: Rationalize the market for these drugs by benchmarking outpatient drug prices to a percentage of the Average Sales Price (ASP). Independent physician offices and Federally Qualified Health Centers are reimbursed on a percentage of ASP; so there is correlation to the average cost of a particular drug. Outpatient facilities are paid on percentage of charges, which leads to significant price markups. Limiting prices in outpatient settings to a percentage of ASP would establish more equitable prices across provider settings.

These solutions will help to mitigate the financial burden on patients, give them more choices, and establish fairer and more transparent prescription drug prices.

Thank you for considering our recommendations. We look forward to working with the Legislature to address these critical issues.

Sincerely,

A handwritten signature in blue ink that reads "Jordan T. Estey". The signature is written in a cursive, flowing style.

Jordan Estey
Vice President, Government Affairs
MVP Health Care