

Testimony on Amendments to H. 266

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Infusion Drug Cap Key Take Aways



Overlapping legislative and regulatory approaches

-Federal, State and GMCB evaluation of Referenced Based Pricing, AHEAD, Global Payments and GMCB revenue/cost caps all potentially duplicating efforts and adding more risk to the system



Proposed solution goes far beyond the desired outcome

-Proposal would apply to all payers with 40-45 cents of each dollar saved going to out of state Blues Plans with which hospitals cannot negotiate



Blunt instrument significantly reducing revenue

-As currently proposed would apply to all payers resulting in a significant impact to UVMHN Revenue



False assumption that hospitals will still make sufficient margin

-ASP + 120% is lower than some of our drug acquisition costs
-Likely reduction in 340B revenue due to federal changes expected to significantly limit 340b

UVMHN Infusion Cap Impact Overview

- \$69M impact to UVMHN due to reduction of revenue by major payers
 - \$53M estimated to BCBSVT
 - Estimated \$21M impact to BlueCard, which results in savings to out of state Blues plans that receive the same rate as BCBSVT.
 - We are not allowed to negotiate a higher rate or separate the rate in our contract with BCBSVT.
- Impact to bottom line financial stability
 - Ensures local access to treatment
 - Reduces the ability to cross subsidize programs that do not cover their costs such as OB services, Psych, MHSUD Services

Recommended Action

- Stay the course with current work underway by GMCB, VAHHS and Hospitals to identify cost reduction opportunities
 - Allows time for federal changes to be fully evaluated
 - Allows other legislative proposals aimed at saving costs to take effect (reference-based pricing, GMCB's mid-year rate adjustment authority,...)
 - Leverages current budget process and activity to reduce potential unintended consequences of broad scope changes
- Support thoughtful implementation of outpatient pricing models currently being worked on by UVMHN
 - Initially focusing on radiology, lab, infusions, colonoscopies and endoscopies
- Evaluate insurance market changes and broader impact to affordability focusing on a long- term solution rather than a short-term plug