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January 15, 2026

Representative Alyssa Black, Chair
Vermont House Committee on Health Care
155 State Street
Montpelier, VT 05602

RE: Office of the Health Care Advocate Testimony regarding H.577 – An Act Relating to Establishing the Vermont Prescription Drug Discount Card Program

Dear Chair Black and Members of the Committee:

Thank you for the opportunity to submit written testimony on H.577, an act relating to establishing the Vermont Drug Discount Card Program.

The Office of the Health Care Advocate is an independent office charged with advocating for affordable and accessible health care for Vermonters. We provide direct assistance to individual consumers through our helpline and engage in policy advocacy on health care issues, including prescription drug affordability.

HCA supports H.577. Authorizing the State Treasurer to enroll Vermont in a multistate drug discount card program administered by ArrayRx would make available to Vermonters an additional set of prescription drug prices—prices that, for some individuals and for some medications, may be substantially lower than those available through their health insurance. That additional choice has real value.

However, HCA's support is tempered by an important concern: whether prescription drug spending incurred using a discount card will count toward an insured Vermonter's deductible and annual out-of-pocket maximum. Without clear statutory direction, there is a substantial risk that it will not. This uncertainty could undermine the value of the program for many Vermonters and deter its use. For that reason, HCA recommends that H.577 be paired with clarifying

language to ensure that discount card spending for covered drugs counts toward cost-sharing limits when the discount price is lower than the insured price.

Copay Cards vs. Discount Cards

Because discount cards are often confused with copay assistance cards, it is useful to distinguish between the two.

Copay cards are typically offered by drug manufacturers for a specific brand-name drug or a narrow class of drugs. They function as manufacturer-funded copay assistance and are generally available only to individuals with commercial insurance. In practice, the pharmacy processes the individual's insurance as primary coverage and the copay card as secondary coverage, reducing the patient's out-of-pocket cost. Vermont law already requires that amounts paid through copay assistance be applied toward a person's deductible and out-of-pocket maximum.

Discount cards operate very differently. A discount card provides access to a set of prices negotiated by a pharmacy benefit manager (PBM) across a wide array of brand and generic drugs from many manufacturers. Individuals may use a discount card whether they are insured or uninsured, but the card does not "stack" with insurance. Instead, the consumer must choose: either use insurance or use the discount card for that transaction. If the discount card is used, the insurance plan is bypassed entirely.

The purpose of discount cards is also different. Rather than helping a person get through the deductible phase of the year, discount cards aim to provide a lower price on each transaction—sometimes lower than insurance, sometimes not. There is no annual benefit limit.

The key question, and the focus of HCA's concern, is whether spending incurred using a discount card "counts" toward an insured person's deductible and out-of-pocket maximum.

The Value of the Vermont Drug Discount Card

The central benefit of H.577 is that it would give Vermonters another set of prices to consider when filling prescriptions. Today, a Vermonter may be confronted with several pricing structures: the manufacturer's list price, the price negotiated by their insurance plan's PBM, and in some cases emerging "cost-plus" pricing models. The Vermont Drug Discount Card would add another option—one that is

free to use, broadly available at local pharmacies, and backed by multistate purchasing power.

This additional choice can matter a great deal. Analysis by the Green Mountain Care Board (GMCB) demonstrates that for many generic drugs, prices based on cost-plus reimbursement models can be dramatically lower—often by 90 percent or more—than prevailing commercial prices.[1] Each line item in that analysis represents Vermonters who are currently overpaying for medications they rely on.

Although Vermont has not yet implemented cost-plus pricing on a large scale, the ArrayRx discount card produces prices that are often in the same range. In practice, this means that for some medications, the Vermont Drug Discount Card could reduce a prescription that costs well over a thousand dollars through insurance to under one hundred dollars at the pharmacy counter.

Why "Counting" Matters

Whether discount card spending counts toward cost-sharing limits is not an abstract question. It directly affects how consumers make decisions.

Consider an insured Vermonter with a $4,000 deductible and out-of-pocket maximum who takes a chronic medication filled monthly. Through insurance, the medication costs approximately $1,800 per month at the beginning of the year. Using a discount card, that same medication might cost closer to $100 per month.

If discount card spending counts toward the deductible and out-of-pocket maximum, the decision is straightforward: the consumer should take the lowest available price.

If it does not count, the decision becomes far more complicated. Using insurance means dramatically overpaying early in the year but reaching the out-of-pocket maximum quickly, after which additional care is fully covered. Using the discount card means paying a reasonable monthly amount, but none of that spending reduces exposure to future medical costs. The consumer must essentially gamble that their other health care expenses will not exceed the remaining gap.

[1] VT GMCB Pharmacy Analysis, https://public.tableau.com/app/profile/onpointhealthdata/viz/VTGMCBPharmacyAnalysis/CPD

Faced with this uncertainty, many people will rationally default to using insurance—even when the price is vastly higher—simply to avoid risk. In that scenario, the discount card exists on paper but fails to deliver its full potential benefit.

What the Law Currently Says

Vermont law already requires PBMs to apply "any amount paid by or on behalf of a covered person," including third-party payments, discounts, and other reductions in out-of-pocket expenses, toward deductibles and out-of-pocket limits. Some read this language as already encompassing discount card transactions.

However, the statute is internally cross-referenced and circular in ways that create ambiguity. A PBM could plausibly argue that when an insured person uses a discount card, the transaction is no longer one involving the health plan's PBM and therefore falls outside the statute's scope. At a minimum, it is unclear whether such spending would be credited automatically or only after a manual claims process—one that could result in denials, appeals, and administrative burdens for consumers.

ArrayRx's own publicly available materials state that purchases made using its discount card do not count toward deductibles or out-of-pocket maximums. While that statement is not tailored to Vermont law, it underscores the need for clarity.

As a consumer advocate, HCA is not comfortable advising Vermonters to rely on discount card spending counting toward cost-sharing limits absent explicit statutory direction.

Models for Clarification

In 2025, Connecticut enacted legislation requiring insurers to give credit toward deductibles and out-of-pocket limits for amounts an insured pays directly to a pharmacy when the price is lower than the insurer's in-network rate.[2] The governor's signing statement explicitly referenced discount programs such as

[2] Connecticut Public Act No. 25-167, Sec. 8, https://www.cga.ct.gov/2025/ACT/PA/PDF/2025PA-00167-R00HB-07192-PA.PDF

ArrayRx and GoodRx and emphasized the importance of ensuring that consumers can access the lowest prices without penalty.[3]

Vermont has also considered similar language. A bill introduced last year and still available to this committee for consideration, H.202, would clarify that a drug's "cash price" includes the lowest price available through a drug discount card. Either approach—or a combination of both—would provide the certainty consumers need.

Conclusion

HCA supports H.577. The Vermont Drug Discount Card Program would expand access to discounted prescription drug prices and could meaningfully reduce costs for some Vermonters, particularly those who are uninsured, underinsured, or facing high drug costs early in the year.

However, the program will be significantly stronger and more effective if the Legislature clearly states that when an insured Vermonter uses a discount card to obtain a covered prescription drug at a lower price, that spending must count toward the individual's deductible and out-of-pocket maximum. Clarifying this point would eliminate uncertainty and ensure that Vermonters can confidently choose the best available price without risking higher overall costs.

Thank you for your consideration. HCA is happy to serve as a resource to the committee as you continue your work on prescription drug affordability.

Sincerely,

/s/ Charles Becker
Staff Attorney
Office of the Health Care Advocate

[3] Signing Statement Public Act 25-167: An Act Implementing Recommendations of the Bipartisan Drug Task Force, https://portal.ct.gov/governor/-/media/office-of-the-governor/bill-notifications/2025/bill-notification-2025-17.pdf