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House Committee on Health Care Testimony Re: H577

The discount card program proposed in this bill aims to join an alliance of States to pool market power to help lower the cost of prescriptions drugs to constituents. Sounds great. Unfortunately, this program fails to address the actual “costs” of the prescription drugs themselves and simply employs caps on retail prices, effectively asking pharmacies to give up more of their margin potential under the guise of “lower drug costs.” In reality, the program is a lot of the same saga of true cost obfuscation by the PBM, Navitus, who runs the show and the only real winner. Evidence rests in the fact that the program utilizes outdated reimbursement methodologies now at the center of federal legislation

[\(Congressional Spending Bill to Include Key PBM Contracting Reform | Drug Topics\)](#)

Brands reimbursement: AWP - % + \$0.00-\$1.00 dispensing fee;

Generic reimbursement: MAC + \$0.00-\$1.00 dispensing fee;

+ “preferred” mail order partners

The community pharmacy financial security has all but collapsed.

At this moment, there are only 5 Vermonter owned independent pharmacy owners operating in the State across 11 locations. Even chain drug stores are closing locations and opting for more centralized processing. Vermont communities need to embrace the notion that many will NOT have a walk-in pharmacy in their immediate area.

That said, something does need to be done.

State regulators and legislators need a firm grasp on what “true costs” are and gain much needed leverage to further drive the cost of prescriptions down without sacrificing the accessibility to Vermonters.

I would encourage the committee to consider further working with the consortium but push for more reformative and sustainable mechanisms already in place in several states.

Specifically, models that identify the pharmacy’s cost of dispensing like Vermont Medicaid, and true acquisition price from ____(?)____.

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