

Dear Senators,

We are writing on behalf of the Vermont Education Health Initiative (VEHI) to strongly endorse **H.266**, a bill that would **cap outpatient infusion drugs** at 120% of the average sales price (ASP).

This legislation is urgently needed to bring down excessive hospital prices on drugs to treat cancer, autoimmune diseases, and other conditions. The exorbitant and unjustified mark-up on these medications is a major driver of the affordability crisis in health care, and a perennial challenge for VEHI and other risk pools as we struggle to contain costs while maintaining access to comprehensive benefits. Vermont should not hold the distinction, as documented by RAND's most current cost transparency analysis, of having the highest average commercial drug prices relative to ASP in the nation. According to that study, from 2020-22, average commercial drug prices in our hospitals were more than 5 times ASP.

VEHI is the largest public-sector ASO in Vermont, with roughly 34,500 covered lives. We serve active and retired school employees and their dependents. We have testified on different occasions to legislative committees, including this one, and each time we have stressed the enormous financial pressures brought to bear on premiums and reserves by these and other high-cost medications.

To put a finer point on this, in calendar year 2024, VEHI's active school employees and their dependents incurred **\$18.1 million** in allowed claims for the utilization of medications that would be subject to H.266's proposed cap. If the price of these medications had been subject to a cap set at 120% of ASP, VEHI's allowed costs for the affected claims would have dropped to **\$6.9 million** – a savings for school districts, school employees and taxpayers of **\$11.2 million**.

Further, this price-capping mechanism alone would have lowered VEHI's premium rates in **FY25**, the current fiscal year, by approximately **3 percentage points**.

H.266 provisions are consistent with Act 134 of 2024, which conferred on the Green Mountain Care Board the authority to investigate and create a framework for implementing a program to regulate prescription drug costs in Vermont. VEHI's Board of Directors endorsed Act 134 unanimously. That law, and the bill you are considering now, are anchored to the essential realization that high-cost medications must be subject to reasonable price caps if we are to have any hope of lowering costs and making health care more affordable.

Please ensure also that H.266's capping methodology is structured to prohibit the six PPS hospitals subject to the bill's provisions from increasing the cost of medications that are currently less than the proposed cap, and from raising commercial net patient revenues from other sources to offset the decline in revenue resulting from the 120% ASP cap.

Thank you for your work and for considering our comments.

Sincerely,

Bobby-Jo Salls and Mark Hage, VEHI Trust Administrators on behalf of the VEHI Board of Directors