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H.577

An act relating to establishing the Vermont Prescription Drug Discount Card Program

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 18 V.S.A. chapter 91, subchapter 7 is added to read:

Subchapter 7. Vermont Prescription Drug Discount Card Program

§ 4691. VERMONT PRESCRIPTION DRUG DISCOUNT CARD

PROGRAM

(a) There is established the Vermont Prescription Drug Discount Card Program, administered by the Office of the State Treasurer, for the purpose of pooling prescription drug purchasing power with other U.S. states and territories and nongovernmental organizations. The Program shall be made available to all Vermont residents.

(b)(1) To further the purposes of the Program, the State Treasurer may cooperate with other U.S. states and territories, regional consortia, or nongovernmental organizations, or a combination of these, to pool prescription drug purchasing power to:

- (A) reduce prescription drug costs;
- (B) negotiate discounts with prescription drug manufacturers;
- (C) centralize prescription drug purchasing; and
- (D) establish volume discount contracting.

1 (2) As used in subdivision (1)(D) of this subsection, “volume discount
2 contracting” means the negotiated purchase of a large quantity of a prescription
3 drug at a decreased cost.

4 (c) Monies received by the Program from transfers, gifts, grants, donations,
5 or any other source, including any monies provided to the State through a
6 cooperative arrangement authorized by this section, shall be deposited in the
7 Financial Literacy and Economic Empowerment Trust Fund established
8 pursuant to 32 V.S.A. § 111 and shall be available to the Office of the State
9 Treasurer to defray costs associated with administering the Program.

10 (d) The amount paid for a prescription drug after application of the
11 Vermont Prescription Drug Discount Card by an individual who is covered by
12 a health insurance plan, as defined in 8 V.S.A. § 4011, shall be attributed
13 toward the covered individual’s deductible and out-of-pocket responsibilities
14 in accordance with 8 V.S.A. § 4093 and section 3612 of this title.

15 (e) On or before January 15, 2028, and annually thereafter, the State
16 Treasurer shall submit a report to the House Committee on Health Care, the
17 Senate Committee on Health and Welfare, and the Governor detailing the
18 activities of the Program during the previous calendar year, including the
19 number of Vermont residents and pharmacies participating in the Program and
20 the amount of savings on prescription drug costs achieved.

1 (II) the covered individual's deductible, if any; or

2 (III) to the extent not inconsistent with Sec. 2707 of the Public
3 Health Service Act, 42 U.S.C. § 300gg-6, the annual out-of-pocket maximums
4 applicable to the covered individual's health benefit plan.

5 (ii) The provisions of subdivision (i) of this subdivision (F)
6 relating to a third-party payment, financial assistance, discount, coupon, or
7 other reduction in out-of-pocket expenses made on behalf of a covered
8 individual shall only apply to a prescription drug:

9 (I) for which there is no generic drug or interchangeable
10 biological product, as those terms are defined in 18 V.S.A. § 4601; or

11 (II) for which there is a generic drug or interchangeable
12 biological product, as those terms are defined in 18 V.S.A. § 4601, but for
13 which the covered individual has obtained access through prior authorization, a
14 step therapy protocol, or the pharmacy benefit manager's or health insurer's
15 exceptions and appeals process.

16 (iii) The provisions of subdivision (i) of this subdivision (F) shall
17 apply to a high-deductible health plan only to the extent that it would not
18 disqualify the plan from eligibility for a health savings account pursuant to 26
19 U.S.C. § 223.

20 (iv) In order to facilitate the appropriate attribution of amounts
21 paid by or on behalf of a covered individual pursuant to subdivision (i) of this

1 subdivision (F) for a covered individual who purchases a prescription drug
2 without using the prescription drug coverage available for the drug under the
3 covered individual's health insurance plan, the health insurer or pharmacy
4 benefit manager, or both, shall:

5 (I) make readily available on its website a downloadable proof
6 of payment form for a covered individual to use to submit proof of the actual
7 amount that the covered individual paid for the drug; and

8 (II) provide notice to all covered individuals at least annually
9 that they are responsible for providing proof of payment using the
10 downloadable proof of payment form or another mechanism, if the health
11 insurer or pharmacy benefit manager elects to make another mechanism
12 available for submitting proof of payment in addition to the downloadable
13 form, in order to have their spending properly attributed to their out-of-pocket
14 limits, deductible, and out-of-pocket maximums as set forth in subdivision (i)
15 of this subdivision (F).

16 * * *

17 Sec. 3. 18 V.S.A. § 3612 is amended to read:

18 § 3612. PROHIBITED PRACTICES

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(e)(1) A pharmacy benefit manager shall not require a covered person purchasing a covered prescription drug to pay an amount greater than the lesser of:

(A) the cost-sharing amount under the terms of the health benefit plan, ~~as determined in accordance with subdivision (2) of this subsection (e);~~

(B) the maximum allowable cost for the drug; or

(C) the amount the covered person would pay for the drug if the covered person were to pay the pharmacy's usual and customary cash price, after application of any known discounts, if the covered person were paying the cash price instead of using the drug benefit; provided, however, that as used in this subdivision (C), the term "discount" does not include a prescription drug discount card or other third-party prescription drug benefit program.

(2)(A) A pharmacy benefit manager shall attribute any amount paid by or on behalf of a covered person ~~under subdivision (1) of this subsection (e),~~ including any third-party payment, financial assistance, discount, discount card, coupon, or any other reduction in out-of-pocket expenses made by or on behalf of a covered person for prescription drugs, regardless of whether the person purchased the drug with or without using coverage for the drug under any health benefit plan, toward:

1 (i) the out-of-pocket limits for prescription drug costs under 8
2 V.S.A. § 4092;
3 (ii) the covered person’s deductible, if any; and
4 (iii) to the extent not inconsistent with Sec. 2707 of the Public
5 Health Service Act, 42 U.S.C. § 300gg-6, the annual out-of-pocket maximums
6 applicable to the covered person’s health benefit plan.

7 (B) The provisions of subdivision (A) of this subdivision (2) relating
8 to a third-party payment, financial assistance, discount, coupon, or other
9 reduction in out-of-pocket expenses made on behalf of a covered person shall
10 only apply to a prescription drug:

11 (i) for which there is no generic drug or interchangeable biological
12 product, as those terms are defined in section 4601 of this title; or

13 (ii) for which there is a generic drug or interchangeable biological
14 product, as those terms are defined in section 4601 of this title, but for which
15 the covered person has obtained access through prior authorization, a step
16 therapy protocol, or the pharmacy benefit manager’s or health benefit plan’s
17 exceptions and appeals process.

18 (C) The provisions of subdivision (A) of this subdivision (2) shall
19 apply to a high-deductible health plan only to the extent that it would not
20 disqualify the plan from eligibility for a health savings account pursuant to 26
21 U.S.C. § 223.

1 (a) There is hereby established ~~and created~~ a special fund entitled the
2 Financial Literacy and Economic Empowerment Trust Fund to be administered
3 by the State Treasurer. The ~~purpose~~ purposes of the Fund ~~is~~ are:

4 (1) to promote the adoption of fiscally sound money management
5 practices by Vermonters through education and outreach efforts that raise
6 awareness of the need for and benefits of practicing such skills ~~and~~;

7 (2) to create opportunities to build and encourage the development of
8 new financial literacy activities and educational products for ~~Vermont citizens~~
9 Vermonters; and

10 (3) to support other economic empowerment opportunities for
11 Vermonters.

12 (b) The Fund may receive State ~~appropriations~~ transfers, gifts, grants,
13 federal funds, and any other funds, both public and private, consistent with this
14 section. ~~The Funds~~ Monies in the Fund may be expended in accordance with
15 the trust fund provisions of section 462 of this title for such financial literacy
16 projects as the Treasurer may direct and to defray costs associated with
17 administering the Vermont Prescription Drug Discount Program established
18 pursuant to 18 V.S.A. chapter 91, subchapter 7, in accordance with the trust
19 fund provisions of section 462 of this title.

20 (c) The Treasurer may invest monies in the Fund in accordance with the
21 provisions of section 434 of this title. All balances in the Fund at the end of

1 the fiscal year shall be carried forward and shall not revert to the General Fund.
2 Interest earned shall remain in the Fund. The Treasurer's annual financial
3 report to the Governor and the General Assembly shall contain an accounting
4 of receipts, disbursements, and earnings of the Fund.

5 Sec. 4. VERMONT PRESCRIPTION DRUG DISCOUNT CARD
6 PROGRAM; IMPLEMENTATION REPORT

7 On or before January 15, 2027, the State Treasurer shall report to the
8 General Assembly regarding implementation of the Vermont Prescription Drug
9 Discount Card Program established in 18 V.S.A. chapter 91, subchapter 7, as
10 added by Sec. 1 of this act, as of that date, including any recommendations for
11 improving the administration of the Program and an estimate of the projected
12 costs to the State in the event that additional financial support is determined to
13 be necessary to administer the Program.

14 Sec. 5. VERMONT PRESCRIPTION DRUG DISCOUNT CARD
15 PROGRAM; EVALUATION AND START-UP FUNDING

16 In fiscal year 2027, the sum of \$50,000.00 is appropriated from the General
17 Fund to the Office of the State Treasurer for the costs of developing and
18 implementing the Vermont Prescription Drug Discount Card Program as set
19 forth in this act.

20 Sec. 6. EFFECTIVE DATE

21 This act shall take effect on July 1, 2026.