

May 10, 2022

The Honorable William J. Lippert, Jr.
Vermont State House
115 State Street
Montpelier, VT 05633

RE: NATIONAL COMMUNITY PHARMACISTS ASSOCIATION SUPPORT FOR H. 353

Dear Representative Lippert:

I am writing on behalf of the National Community Pharmacists Association to ask you to support the Senate version of H. 353, which will protect Vermont patients from costly pharmacy benefit manager (PBM) conflicts of interest. NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and 22 independent community pharmacies in Vermont.

H. 353 will help protect the patient-pharmacist relationship from undue interference from PBMs. Too often, a patient's ability to choose the best pharmacy provider for them is stripped by their PBM, who forces the patient to use a particular, typically PBM-owned, pharmacy to fill their prescriptions. This anticompetitive practice prevents local community pharmacies from competing for Vermonters' business. According to a 2020 NCPA survey, 79% of responding pharmacists said their patients' prescriptions were transferred to another pharmacy in the previous six months without their patients' knowledge or consent.¹ Community pharmacies lost a median of 12 patients during that time period.²

Worse still, this practice is incredibly costly for patients and plan sponsors. As PBMs steer patients to PBM-owned pharmacies, those PBMs are free to reimburse those pharmacies at higher rates than they reimburse non-affiliated pharmacies, as was the case in Florida where a state audit found Medicaid beneficiaries were steered to MCO/PBM-owned pharmacies, which were reimbursed at higher rates than non-affiliated pharmacies for dispensing the same specialty drugs.³ PBM conflicts of interest raise costs and limit a patient's ability to make healthcare decisions for himself or herself.

H. 353 will help end this harmful practice. Under the bill, patients will have the ability to use the in-network pharmacy of their choice. PBMs will be prohibited from reimbursing their own pharmacies more than a non-affiliated pharmacy. It will prohibit a PBM from requiring a pharmacy to meet arbitrary accreditation requirements before filling prescriptions for patients. And pharmacists will be free from PBM-imposed gag clauses so they can work with patients to find the most cost-effective drug for that patient.

¹ "Patient Steering a Massive Problem for Community Pharmacists, New Survey Shows," NCPA (Sept. 17, 2020)

<https://ncpa.org/newsroom/news-releases/2020/09/17/patient-steering-massive-problem-community-pharmacists-new-survey>.

² *Id.*

³ Milliman, *Florida Agency for Health Care Administration: Pharmacy Benefit Manager Pricing Practices in Statewide Medicaid Managed Care Program* (Dec. 2020).

In addition, the Senate version would require the Department of Financial Regulation to look into the need for reimbursement transparency, which impacts local pharmacies' ability to remain open and continue serving patients. The Department would also look into critical issues driving up drug prices, such as spread pricing. This will put the state in a better position to address the issues threatening Vermonters' access to prescription drugs and pharmacy services.

Coupled with protections in existing law, the provisions of H. 353 will protect patient choice from PBM conflicts of interest. Many other states have passed similar legislation protecting the patient-pharmacy relationship, and that legislation has not resulted in higher health insurance premium costs for patients or payers.⁴ H. 353 is pro-patient, pro-pharmacy, and pro-local business. For these reasons, I ask that you support the Senate version of the bill. If you have any questions about the information in this letter, please do not hesitate to contact me.

Sincerely,



Matthew Magner
Director, State Government Affairs

⁴ "PBM Reform Has Not Raised Costs for Patients and Payers," NCPA (Mar. 2022), <https://ncpa.org/sites/default/files/2022-03/pbm-regulations-one-pager.pdf>.