



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

April 2, 2024

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S.98 – An act relating to Green Mountain Care Board authority over prescription drug costs

As Passed by the Senate

Bill Summary

The bill would require that the Green Mountain Care Board (GMCB) create a framework and methodology for implementing a program to regulate the cost of prescription drugs in Vermont. The bill would create two permanent classified positions at the GMCB to lead the development and implementation of the prescription drug regulation program. In fiscal year 2025, it would appropriate \$495,000 from the Evidence-Based Education and Advertising Fund to the GMCB for the following purposes:

- \$245,000 to fund the two positions:
 - one Director of Prescription Drug Pricing; and
 - one Policy Analyst for Prescription Drug Pricing.
- \$250,000 (one-time) to contract with experts on prescription drug-related issues.

Finally, the bill would amend the statute to include the GMCB prescription drug cost regulation initiatives as an allowable use of funds from the Evidence-Based Education and Advertising Fund.

Background and Details

The Evidenced-Based Education and Advertising Fund is funded by a manufacturer fee of 1.75% of the Department of Vermont Health Access' (DVHA) prescription drug spending in the previous calendar year, based on manufacturer labeler codes as used in the Medicaid Rebate Program.¹ Money from the Fund can only be used for activities enumerated in 33 V.S.A. § 2004a.²

Sec. 2 of the bill would amend the statute to include GMCB prescription drug cost regulation initiatives as an allowable use of Fund monies.

According to the Vermont Department of Health (VDH), the Fund is estimated to have an unobligated balance of \$5.2 million at the close of fiscal year 2024. While there will be sufficient funds to cover the \$495,000 appropriation in fiscal year 2025, it will need to be considered alongside other priorities of the Administration and General Assembly, including those in VDH's fiscal year 2025 budget recommendation (see other considerations).

¹ 33 V.S.A. § 2004

² 33 V.S.A. § 2004a

Fiscal Summary

The bill would appropriate \$495,000 from the Evidence-Based Education and Advertising Fund to the GMCB in fiscal year 2025 for the following purposes:

- \$245,000 to fund two positions created in the bill; and
- \$250,000 to contract with experts on prescription drug-related issues.

The position costs would be ongoing; the contract costs would be a one-time expense.

Other Considerations

H.72 (“An act relating to a harm-reduction criminal justice response to drug use”) and H.883 (“An act relating to making appropriations for the support of government”), both passed the House and also expend money from the Evidence-Based Education and Advertising Fund. If all three of bills pass the General Assembly in their current forms, the Fund would be in a deficit by fiscal year 2026.