

VERMONT LEGISLATIVE

Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • https://ljfo.vermont.gov

Issue Brief

Updated 3/7/2024

Nolan Langweil, Principal Fiscal Analyst

The Prescription Drug Manufacturer Fee and the Evidence-Based Education and Advertising Fund

The purpose of this issue brief is to explain the Prescription Drug Manufacturer Fee and the Evidence-Based Education and Advertising Fund.

Summary

he manufacturer fee is a fee of 1.75% of the previous calendar year's prescription drug spending by the Department of Vermont Health Access based on manufacturer labeler codes as used in the Medicaid rebate program.¹ According to statute, the collected fees can be used to fund following:

- Collection and analysis of information on pharmaceutical marketing activities (often referred to as academic detailing).²
- Analysis of prescription drug data needed by the Office of the Attorney General for enforcement activities.
- The Vermont Prescription Monitoring System (VPMS).3
- The evidence-based education program.⁴
- Statewide unused prescription drug disposal initiatives.
- Prevention of prescription drug misuse, abuse, and diversion.
- The Substance Misuse Prevention Oversight and Advisory Council.⁵
- Treatment of substance use disorder.
- Exploration of nonpharmacological approaches to pain management.
- A hospital antimicrobial program for the purpose of reducing hospital-acquired infections.
- The purchase of fentanyl testing strips.
- The purchase and distribution of naloxone to emergency medical services personnel
- Any opioid antagonist education, training, and distribution program operated by the Department of Health or its agents.

The fees are collected into a special fund called the Evidence-Based Education and Advertising Fund. ⁶

The manufacturer fees are collected in the Evidence-Based Education and Advertising Fund.

¹ 33 V.S.A. § 2004

² 18 V.S.A. §§ 4632 and 4633

³ 18 V.S.A. §§ 4281–4290

⁴ 18 V.S.A. § 4622

⁵ 18 V.S.A. § 4803

^{6 33} V.S.A. § 2004a



History

- Both the fee and fund were created in Act 80 of 2007. The fee was initially established at a rate of 0.5% of the previous calendar year's prescription drug spending by the Department of Vermont Health Access based on manufacturer labeler codes as used in the Medicaid rebate program.
- The fee was increased from 0.5% to 1.5% in 2016.8
- The fee was increased again from 1.5% to 1.75% in 2019.9

Revenues and Expenditures

Exhibit 1 shows the revenues from the Prescription Drug Manufacturer Fee into the Fund, expenditures from the Fund, and ending fund balances for fiscal years 2022, 2023, and estimated 2024.

Evidence-Based Education and Advertising Fund Balance,
FY 2022 to FY 2024 est. (x million)

Fiscal Year	Prior Year Ending fund Balance	Revenues	Expenses	Ending Fund Balance
2022	\$2.3	\$3.8	(\$3.5)	\$2.6
2023	\$2.6	\$5.3	(\$3.6)	\$4.3
2024 Est.	\$4.3	\$4.7	(\$3.8)	\$5.2

Exhibit 2 shows the expenditures by program for fiscal years 2022, 2023, and estimated 2024.

Exhibit 2

Evidence-Based Education and Advertising Fund Expenditures by program

Fiscal Years 2022, 2023 and FY 2024 est.

	FY 2022	FY 2023	Estimated FY 2024
Prescription Drug Education	\$356,509	\$457,406	\$500,000
Opioid Antagonist Program	\$1,830,717	\$1,851,865	\$1,900,000
Prescription Drug Monitoring Program	\$506,143	\$521,124	\$525,000
Antibiotic Stewardship	\$6,741	\$20,208	\$25,000
Prescription Drug Disposal	\$558,111	\$557,772	\$600,000
Substance Misuse Prevention Council	\$236,751	\$218,213	\$220,000
Total	\$3,494,972	\$3,626,588	\$3,770,000

According to the Vermont Department of Health, the fund is estimated to have an unobligated balance totaling \$5.2 million at the close of fiscal year 2024.

⁷ Act 80 of 2007 (S.115). An act relating to increasing the transparency of prescription drug pricing and information.

⁸ Act 173 of 2016 (S.243). An act relating to combating opioid abuse in Vermont.

⁹ Act 70 of 2019 (H.527). An act relating to Executive Branch and Judicial Branch fees.