May 12, 2022

Governor Phil Scott
109 State Street, Pavilion
Montpelier, VT 05609

Dear Governor Scott,

On behalf of the 2,682 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in Vermont, I strongly urge you to veto H. 353. This legislation will further insert the state government into healthcare by micromanaging pharmacy benefit managers (PBMs). PBMs serve their customers, including associations, businesses, insurers, state and local governments, and other organizations that provide health insurance to their employees or members.

Currently, PBMs administer plans for 266 million Americans nationwide. Various tools used by PBMs like audits, drug utilization reviews, formularies, mail-order programs, pharmacy networks, rebates, and specialty pharmacies help drive down drug costs, improve quality, increase patient medication adherence, and prevent fraud. Negotiating on behalf of large groups also helps PBMs lower prescription drug costs for patients. H. 353 will interfere with these privately negotiated contracts between PBMs and their customers.

The “any willing provider” provision in the bill is not what it seems. This provision allows any pharmacy to participate “in network.” This mandate reduces the ability of PBMs to negotiate lower prices with contract pharmacies which will result in fewer price discounts for patients. This will lead to less competition and higher prices. If signed into law, this bill will remove the ability of plan sponsors to create exclusive specialty pharmacy networks and plan sponsors will see an increase in costs of 4.6 percent annually. In addition, eliminating the ability of plan sponsors to use preferred retail networks will increase plan sponsors’ costs by 4.2 percent per year.

While efforts to lower healthcare costs should be encouraged, the government should not be creating barriers to lowering costs. For the reasons above I strongly urge you to veto H. 353 and keep the state government from intervening further into the healthcare marketplace.

Sincerely,

Tom Schatz