

MEMORANDUM

TO: Joint Fiscal Committee; Health Access Oversight Committee

CC: Mark Larson, Commissioner, Department of Vermont Health Access
Douglas A. Racine, Secretary, Agency of Human Services

FROM: Nancy Hogue, Pharm.D., Director of Pharmacy Services

DATE: November 20, 2013

RE: Legislative report: 33 V.S.A. §1998(c)(6) for Quarter 1 of State Fiscal Year 2014 (July 1, 2013, through Sep 30, 2013)

33 VSA § 1998. Pharmacy best practices and cost control program established

(c)(1) The director may implement the pharmacy best practices and cost control program for any other health benefit plan within or outside this state that agrees to participate in the program. For entities in Vermont, the director shall directly or by contract implement the program through a joint pharmaceuticals purchasing consortium.

(c)(6) The director, the commissioners, and the secretary shall report quarterly to the health access oversight committee and the joint fiscal committee on their progress in securing Vermont's participation in such joint purchasing agreements.

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Please accept this memo in response to the legislative requirement under 33 V.S.A. §1998(c)(6) to report on the establishment of a state drug purchasing consortium.

As reported for the previous four quarters in State Fiscal Year 2013, the Department of Vermont Health Access (DVHA) has identified and met with other state departments who may have interest in participating in a drug purchasing consortium. Discussions with the Department of Corrections (DOC), the Department of Mental Health (DMH) and the Department of Human Resources (DHR) has confirmed that the current drug purchasing arrangements provides each agency the best price available.

DVHA participates in the Federal Omnibus Budget Reconciliation (OBRA) drug rebate program and negotiates additional state supplemental rebates that cannot be shared with other state programs.

These are unique purchasing arrangements with advantages to one population that are not available to the other populations. This negates the value of establishing a consortium for the purpose of leveraging price.

Please contact me with any questions regarding this report summary.