



Report to
The Vermont Legislature

**Report to the Vermont Legislature
on Pharmaceutical Drug Cost Transparency
in Accordance with 18 V.S.A. § 4635**

Submitted to: Vermont General Assembly

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Introduction

This report is submitted pursuant to 18 V.S.A. § 4635 (“Prescription Drug Cost Transparency”). The statute requires that the Attorney General’s Office (“AGO”) provide a report to the General Assembly on an annual basis. This report focuses on information provided to the AGO by the Department of Vermont Health Access (“DVHA”), Blue Cross and Blue Shield Vermont (“BCBSVT”), and MVP Health Care (“MVP”) for calendar year 2023.¹

I. Information Provided by the Department of Vermont Health Access

Pursuant to 18 V.S.A. § 4635, DVHA and health insurers with more than 5,000 covered lives in Vermont for major medical health insurance (referred to below as “Health Insurers”) are required to provide certain information annually about the increase in the price of prescription drugs.

The statute requires that DVHA create two lists. The first, required by 18 V.S.A. § 4635 (b)(1)(A), is comprised of 10 prescription drugs (at least one generic and one brand name) on which the State “spends significant health care dollars” and for which the wholesale acquisition cost (“WAC”)² has increased by 50 percent or more over the past five calendar years or by 15 percent or more during the previous calendar year. DVHA must rank the drugs on the list from those with the largest to smallest increase, and state whether it considers any of the drugs to be

¹ The AGO’s 2019 report was prepared after discussing with Legislative leaders the challenges of complying with the reporting requirements of the statute. The same format is used in this report as was used from 2019 to 2023. The AGO looks forward to working with the Legislature to address the compliance challenges presented by, among other things, federal law which prohibits Medicaid from providing drug-specific net cost information.

² WAC is defined under federal law as a manufacturer’s “list price” for a drug to wholesalers or other direct purchasers but does not reflect any prompt pay or other discounts, rebates, or reductions in price. 42 U.S.C. § 1395w-3a (c) (6).

specialty drugs; whether the drugs were included based on their price increase over one year, five years or both; and provide DVHA’s total expenditure for each drug.

The second list, required by 18 V.S.A. § 4635 (b)(1)(B), is comprised of 10 prescription drugs (at least one generic and one brand name) on which the State “spends significant health care dollars” and for which DVHA’s net cost³ has increased by 50 percent or more over the past five years or 15 percent or more during the previous calendar year. DVHA must rank the drugs on the list from those with the largest to smallest increase, state whether it considers any of the drugs to be specialty drugs, and whether they were included based on their price increase over one year, five years or both.

DVHA’s 2023 WAC list, Net Cost list, and an explanation of the drug selection criteria it used for each are attached as Exhibit A.

II. Information Provided by Vermont Health Insurers

Pursuant to 18 V.S.A. § 4635 (b)(1)(C), the Health Insurers are also required to create a list of 10 prescription drugs (at least one generic and one brand name) on which the insurance plan “spends significant health care dollars” and for which the insurance plan’s net cost⁴ has increased by 50 percent or more over the past five years, 15 percent or more during the previous calendar year, or both. Each Health Insurer must rank the drugs on the list from those with the largest to smallest increase and state whether it considers any of the drugs to be specialty drugs. BCBSVT and MVP are the two health insurers who have made annual submissions. The public

³ “Net cost” is defined in 18 V.S. A. § 4635 (b)(1)(B) as the cost to DVHA net of rebates and other price concessions.

⁴ “Net cost” is defined in 18 V.S. A. § 4635 (b)(1)(C) as the cost to the insurance plans net of rebates and other price concessions.

versions of the 2023 net cost lists provided by BCBSVT and MVP are attached hereto as Exhibits B and C, respectively. 18 V.S.A. § 4635 (b)(1)(C)(i). Health Insurers also provide the AGO with a list that includes the actual net dollars they spent on each drug. That list is exempt from public inspection pursuant to 18 V.S. A. § 4635 (b)(1)(C)(ii).

III. Factors That Influence Manufacturers' Drug Pricing

As observed by the AGO in previous Prescription Drug Cost Transparency reports, manufacturers have identified several factors they consider in making pricing decisions, although the weight they place on those factors seems to vary. The factors commonly mentioned as impacting manufacture's decisions to increase prices are listed below, in no specific order:

- the value of innovative medicines;
- cost effectiveness (meaning the economic value to patients given the effectiveness of the drug, compared to other drugs in the same class);
- the size of the patient population for the drug;
- investments made (including in research and development) and risks undertaken;
- return on investment;
- fiduciary responsibilities;
- post-marketing regulatory commitments and ongoing pharmacovigilance (safety surveillance);
- creation and maintenance of manufacturing facilities and capabilities, including the ability to address drug shortages caused by production issues;
- cost of ingredients;
- competition, including for drugs in the same class;
- the rate of inflation; and
- percentage of sales in commercial versus Medicare or other government channels, and the funds expended on assistance programs for people with limited resources or without insurance which, in some measure, offset drug sales income.

IV. Analysis of Cost Information Submitted by DVHA and the Health Insurers

As mentioned above, the Health Insurers provide the AGO with their net dollar expenditures on a confidential basis. Because federal law prevents DVHA from disclosing the net prices it pays for individual drugs, it is unable to provide the AGO with the prices actually paid, even on a confidential basis. 42 U.S.C. § 1396r-8(b)(3)(D). DVHA has provided the gross dollar amount (WAC) it paid for individual drugs, as depicted in Exhibit A, but those figures do not exclude any rebates or other price concessions it receives. As a result, it is not possible to compare DVHA's net drug costs to the Health Insurers' net drug costs.

A. How DVHA and the Insurers Selected the Drugs on the Lists

Vermont Statutes Annotated, Title 18, § 4635 permits DVHA and the Health Insurers to compile their lists based on either drug price increases of 50 percent or more over the past five years or 15 percent or more during the previous calendar year. To be consistent and to maximize comparison of the lists, DVHA and the Health Insurers agreed to select their 10 drugs based on an increase of 15 percent or more during calendar year 2023.

B. DVHA and the Health Insurer Drug Price Increases

1. DVHA

DHVA provided three charts. Chart 1 is its WAC chart and Chart 2 is its Net Cost chart. Chart 3(which is not statutorily required) is a historical summary of WAC changes.

Since DVHA is prohibited from revealing drug-specific net cost information, its Net Cost list ranks the drugs from 1 through 10 but reflects the gross amount paid for those drugs, together with the percentage increase over one year. As DVHA observed with respect to its net cost list, "the gross cost to DHVA for each drug listed is provided as a benchmark. This may not align in order with the net cost of the drug to the State." Ex. A., p.5.

The drugs on DVHA's WAC and Net Cost lists did not overlap. For 2023, DVHA listed 8 brand and 2 generic drugs on its Net Cost list, while in 2022, the list was comprised of 2 brand and 8 generic drugs. DVHA's 2023 WAC list was composed of 3 brand and 7 generic drugs while only one generic drug was listed last year. Three drugs were common to the 2022 and 2023 WAC list; generic drugs Amphetamine/Dextroamphetamine (made by a different manufacturer) and Acetaminophren/Codeine, and brand drug Emflaza.

DVHA's Chart 3 provides a summary of the last three years of data on WAC price increases. In its narrative, DVHA made the following observations:

- There was a decrease from 2022 to 2023 in the percentage of drugs that reached the 15% threshold
- From 2022 to 2023, the percentage of generic drug NDCs⁵ that exceeded the 15% threshold increased from 78% to 80%. The majority of drugs reported in Charts 1 and 2 were generic formulations
- As in previous years, 2023 generic drug prices consistently rose at a higher rate than brand drugs. In 2023, the average increase was 60% for generic NDCs and 28% for brand NDCs.

DVHA Report, p.5.

2. Health Insurers

BCBSVT selected one generic drug for inclusion on its current list (Ex. B) and MVP selected no generic drugs. MVP said that none of its generic drugs have increased 15% over the previous calendar year or alternatively, 50% or more over the past year (Ex. C).

The generic drug included on the BCBSVT list increased 16% which was the second lowest increase on its list and also represented its smallest net drug spend. BCBSVT's brand

⁵ The NDC refers to the National Drug Code, a unique number assigned to each human drug in the U.S.

name drug increases ranged from 16% to 60%, lower than the 17% to 70% for its 2022 list. MVP's brand name drug increases ranged from 21.8% to 115% in 2023 as compared to 15.1% to 57.7% in 2022. None were common to MVP's 2022 list. Brand drug Creon appeared on both BCBSVT's and MVP's 2023 lists.

C. Specialty Drugs

The statute requires that DVHA and the Health Insurers identify any "specialty drugs" that appear on their lists. "Specialty drugs" are used to treat chronic, serious, or life-threatening conditions and are often far more costly than traditional drugs.⁶

One specialty drug appeared on each of DHVA's 2023 WAC and net increase lists, and both are generics. Seven of the 2023 BCBSVT and MVP 2023 drugs are specialty drugs. Two of the BCBSVT specialty drugs are brand and one is generic.

Specialty drugs represented 6 of the 10 brand drugs on MVP's 2022 list and eight of the ten drugs on BCBSVT's 2022 list (including both generic drugs). As has been the case for several years, Humira is on the 2023 BCBSVT list. Emflaza appeared on both the 2023 BCBSVT list and the DVHA WAC list.

Conclusion

Pharmaceutical drug pricing is extraordinarily complicated. Each party in the drug distribution chain (which includes manufacturers, wholesalers, pharmacy benefit managers,

⁶ They can cost thousands of dollars per month and may exceed \$100,000 per year. There are few or no low-cost generics. "Although there is no accepted definition of *specialty pharmaceuticals*, they generally are drugs and biologics (medicines derived from living cells cultured in a laboratory) that are complex to manufacture, can be difficult to administer, may require special patient monitoring, and sometimes have Food and Drug Administration (FDA)-mandated strategies to control and monitor their use." <https://www.healthaffairs.org/doi/10.1377/hpb20131125.510855/full/>. They may require specialized and temperature-controlled shipping, storage and handling.

pharmacies, health/plans/payers) is governed by myriad requirements, and their interests vary. While it is clear there are ongoing sizeable drug price increases in both brand and generic drugs, the process of preparing this report has again demonstrated the challenges to providing the public with useable information about pharmaceutical pricing.

Exhibit A



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18 V.S.A. § 4635- Pricing Transparency Drug List-DVHA Methodology

Date: June 1, 2024

Vermont law 18 V.S.A. § 4635, entitled "Prescription Drug Cost Transparency", requires the Department of Vermont Health Access (DVHA) to create two lists of prescription drugs. Each list is to be developed using the following statutory language:

(b)(1)(A) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the wholesale acquisition cost has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall include the percentage of the wholesale acquisition cost increase for each drug on the list; rank the drugs on the list from those with the largest increase in wholesale acquisition cost to those with the smallest increase; indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both; and provide the Department's total expenditure for each drug on the list during the most recent calendar year.

(B) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the cost to the Department of Vermont Health Access, net of rebates and other price concessions, has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall rank the drugs on the list from those with the greatest increase in net cost to those with the smallest increase and indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both.

DVHA's Pharmacy Unit prepared data on drugs that meet the criteria per the following methodology.

Methodology used for selection of drug list for 18 V.S.A. § 4635:

To be consistent with other payers and allow the Attorney General's office to maximize comparisons of the list among payers, DVHA developed each list based on the one-year increase in wholesale acquisition cost (WAC) and net cost. The data was initially supplied by DVHA's pharmacy benefits administrator (PBA), Change Healthcare/OptumRx, based on criteria provided by DVHA. This initial data contained a list of active drugs that exceeded a 15% increase in gross and net cost to DVHA over the previous calendar year. The final list of the top 10 drugs in each chart was derived by reviewing these lists in detail, taking into consideration the previous year's lists and each drug's brand, generic, specialty status, and total spend. Net spend was also considered when generating the ranking of the drugs in Chart 2: Top 10 Prescription Drugs Based on Net Cost Increase.

Chart 1 contains drugs for which the wholesale acquisition cost (WAC) increased by 15 percent or more from CY2022-CY2023. The WAC unit price for all drugs with utilization was pulled as of December 31, 2023. The data was averaged and grouped at the product name level and then broken down to include ten drugs, considering total gross cost to DVHA and % increase.

Chart 1: Top 10 Prescription Drugs Based on Wholesale Acquisition Cost Increase

*Indicates non-drug products that are covered and paid under the pharmacy benefit, with substantial costs to DVHA.

TOP 10 BASED ON WAC INCREASE- CY2023									
Rank by Highest % Increase	Therapeutic Category	Product Name	Generic Name	LABELER NAME	BG	Specialty Drug	Percent Increase (Average Over One Year)	Gross Amount Paid	Drug Appeared on Previous Year's List
1	Stimulant/ADHD	AMPHETAMINE/ DEXTROAMPHETAMINE	Amphetamine/ Dextroamphetamine	LANNETT COMPANY, INC.	G	No	129%	\$813,996	Yes (Diff MFR)
2	Mast Cell Stabilizer	CROMOLYN SODIUM	Cromolyn Sodium	RISING PHARMACEUTICALS, INC	G	No	100%	\$135,107	No
3	Mood Stabilizer	LITHIUM CARBONATE	Lithium Carbonate	HIKIMA PHARMACEUTICALS USA INC.	G	No	77%	\$87,130	No
4	Sympathomimetics- Inhaled	ALBUTEROL SULFATE	Albuterol Sulfate	NEPHRON PHARMACEUTICALS CORPORATION	G	No	50%	\$91,692	No
5	Anticonvulsants	VALPROIC ACID	Valproic Acid	PAI	G	No	50%	\$46,252	No
6	Opioid/Pain	ACETAMINOPHEN/ CODEINE	Acetaminophen/ Codeine	SPEC GX, LLC	G	No	46%	\$54,394	Yes
7	Corticosteroids	EMFLAZA	Deflazacort Tablet	PTC THERAPEUTICS, INC.	B	Yes	30%	\$4,060,873	Yes
8	Nutritional	ENSURE PLUS*	Ensure Plus*	4e Brands Northamerica LLC	B	No	25%	\$124,938	No
9	Corticosteroids - Inhaled	FLUTICASONE PROPIONATE	Fluticasone Propionate HFA	HIKIMA PHARMACEUTICALS USA INC.	G	No	24%	\$869,757	No
10	Iron Supplements	FEROSUL	Ferrous Sulfate	MAJOR PHARMACEUTICALS	B	No	21%	\$215,645	No

Chart 2 contains drugs for which the net cost to DVHA increased by 15 percent or more from CY2022-CY2023. The net cost was calculated as the paid amounts for each drug minus all applicable rebate amounts. The total net cost for each drug was divided by the total quantity (e.g. tablets or capsules) of the drug reimbursed by DVHA to obtain the Net Unit Cost. This list is based on individual NDC codes, the reported prices for each product name are averaged to calculate the average net unit price

for each product name. The data was pulled by calendar year and ranked based on highest to lowest net paid amount for each drug and percent increase in net cost.

Chart 2: Top 10 Prescription Drugs Based on Net Cost Increase

TOP 10 BASED ON NET INCREASE- CY2023									
Rank by Highest % Increase	Therapeutic Category	Product Name	Generic Name	Labeler Name	BG	Specialty Drug	Percent Increase (Average Over One Year)	Gross Amount Paid	Drug Appeared on Previous Year's List
1	Corticosteroids	PREDNISOLONE	Prednisolone	CHARTWELL RX LLC	G	No	1057%	\$161,006	No
2	Sympathomimetics- Inhaled	LEVALBUTEROL	Levalbuterol HCL	TEVA PHARMACEUTICALS USA, INC.	G	No	867%	\$15,318	No
3	Ulcer Therapy Combinations	LANSOPRAZOLE/ AMOXICILLIN/ CLARITHROMYCIN	Lansoprazole/ Amoxicillin/ Clarithromycin	RISING HEALTH, LLC.	G	No	273%	\$118,748	No
4	Antidepressants	PAROXETINE	Paroxetine Hydrochloride	ANI PHARMACEUTICALS, INC.	G	No	108%	\$72,008	No
5	Opioid/Pain	FENTANYL	Fentanyl	MYLAN PHARMACEUTICALS, INC.	G	No	55%	\$229,571	No
6	Chelating Agents	DEFERASIROX	Deferasirox	CAMBER PHARMACEUTICALS, INC.	G	Yes	36%	\$47,524	No
7	Opioid Partial Agonists	ZUBSOLV	Buprenorphine/Na loxone	OREXO US, INC.	B	No	22%	\$1,917,056	No
8	Dopamine and Norepinephrine Reuptake Inhibitors	SUNOSI	Solriamfetol	Axsome Therapeutics, Inc.	B	No	19%	\$334,925	No
9	Anticonvulsants	DIVALPROEX SODIUM	Divalproex Sodium	AJANTA PHARMA LIMITED	G	No	16%	\$153,621	No
10	Anticonvulsants	DIAZEPAM RECTAL GEL	Diazepam Rectal Gel	OCEANSIDE PHARMACEUTICALS	G	No	16%	\$576,795	No

Both drug lists were further refined to assure that at least one generic and one brand appeared on each list, and specialty drugs were identified. Specialty drugs were defined pursuant to DVHA's posted list of specialty drugs at: [DVHA Specialty Drug List](#).

Since DVHA is prohibited from publishing drug-specific net cost information, the gross cost to DVHA for each drug listed is provided as a benchmark. This may not align in rank order with the net cost of the drug to the State.

Drug Price Trends

- Chart 3 provides a historical summary of the last three years of data on WAC price increases. DVHA only included NDCs in this chart for which there was any degree of utilization among the covered population. Compared to 2022, there has been a decrease in the percentage of drugs reaching the 15% WAC increase for 2023.
- During 2023, there was an increase in the percentage of generic drugs exceeding the 15% WAC threshold. In 2022 the list was comprised of 78% generic NDCs and in 2023 this percentage increased to 80% of generic NDCs exceeding the 15% WAC threshold. The majority of drugs reported in Charts 1 and 2 were generic formulations.
- As seen in previous years, the generic drug prices in 2023 consistently rose at a higher rate than brand drugs. In 2023 the average increase for generic NDCs was 60% and 28% for brand NDCs.

Chart 3: Historical Summary of Wholesale Acquisition Cost Changes

2021 GROSS										
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand	
WAC >= 15% last 1Yr	13,323	99	0.74%	56	56.57%	110.67%	26.69%	\$0.20	\$7.09	
2022 GROSS										
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand	
WAC >= 15% last 1Yr	13,946	195	1.40%	153	78.46%	42.10%	24.91%	\$0.27	\$12.79	
2023 GROSS										
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand	
WAC >= 15% last 1Yr	14,276	157	1.10%	126	80.25%	60.49%	27.50%	\$0.37	\$10.22	

Exhibit B

BCBSVT List of Drugs with Largest Net Price Increase Impact

Pursuant to 18 V.S.A. § 4635 (b)(1)(C)(i)

2023

Ranking	NATIONAL_DRUG_CODE	DRUG_NAME	MANUFACTURER	Brand/Generic	Specialty?	1-yr % Increase
1	00078063941	COSENTYX PEN INJ 300DOSE	NOVARTIS	Brand	Y	24%
2	00032122401	CREON CAP 24000UNT	ABBVIE	Brand	N	41%
3	00078065920	ENTRESTO TAB 24-26MG	NOVARTIS	Brand	N	21%
4	00074153903	HUMIRA PEN KIT PS/UV	ABBVIE	Brand	Y	60%
5	68135030002	KUVAN TAB 100MG	BIOMARIN PHARMACEUTICALS	Brand	Y	16%
6	58406001004	ENBREL INJ 25/0.5ML	AMGEN	Brand	Y	52%
7	52856050403	EMFLAZA TAB 36MG	PTC THERAPEUTICS	Brand	Y	34%
8	00002148480	MOUNJARO INJ 7.5/0.5	LILLY	Brand	N	26%
9	50881001060	JAKAFI TAB 10MG	INCYTE CORPORATION	Brand	Y	22%
10	00781325089	GLATOPA INJ 40MG/ML	SANDOZ	Generic	Y	18%

Note: Price increases were calculated after applying any manufacturer rebates and administrative fees

Exhibit C

MVP List of Drugs with Largest Net Price Increase Impact
Pursuant to 18 V.S.A. § 4635(b)(1)(C)(i)
2023 to 2022

Ranking	National Drug Code(s) (NDC)	Drug Name	Manufacturer	Brand/ Generic	Specialty?	1 Year % Increase
1	00002144511	TALTZ INJ 80MG/ML	LILLY	Brand	YES	96.8%
2	66215061606	UPTRAVI TAB 1600MCG	ACTELION PHARMACEUTICALS	Brand	YES	115.6%
3	00003218851	ORENCIA CLCK INJ 125MG/ML	B-M SQUIBB U.S. (PRIMARY CARE)	Brand	YES	55.7%
4	64406001101	PLEGRIDY INJ PEN	BIOGEN IDEC	Brand	YES	34.4%
5	57894064011	TREMFYA INJ 100MG/ML	JANSSEN BIOTECH	Brand	YES	21.8%
6	44087334401	REBIF REBIDO INJ 44/0.5	SERONO	Brand	YES	54.2%
7	00169452514	WEGOVY (4) INJ 0.25MG	NOVO NORDISK	Brand	NO	29.6%
8	00002149580	MOUNJARO (4) PEN 5/0.5	LILLY	Brand	NO	33.1%
9	00032122401	CREON CAP 24000UNT	ABBVIE	Brand	NO	97.6%
10	00003218811	ORENCIA INJ 125MG/ML	B-M SQUIBB U.S. (PRIMARY CARE)	Brand	YES	38.4%

Note: Price increases were calculated after applying any manufacturer rebates and administrative fees.

Note: No generic NDCs have increased 15% over the previous calendar year or alternatively, 50% or more over the past 5 years.