Vermont's Maximum Fair Price (MFP) Analysis

July 27, 2026

Kirk Williamson, Director of Affordability and Pricing, Green Mountain Care Board

Kathryn O'Neill, Director of Prescription Drug Pricing, Green Mountain Care Board

VERMONT
GREEN MOUNTAIN CARE BOARD

Green Mountain Care Board

GMCB Mission

- Drive system-wide improvements in access, affordability, and quality of health care to improve the health of Vermonters.
- Regulate major areas of Vermont's health care system in service to the public interest.
- Serve as an impartial source of information, data, and analysis on health system performance.
- Monitor and evaluate health care payment and delivery system to provide public transparency and to inform regulation.

GMCB Vision

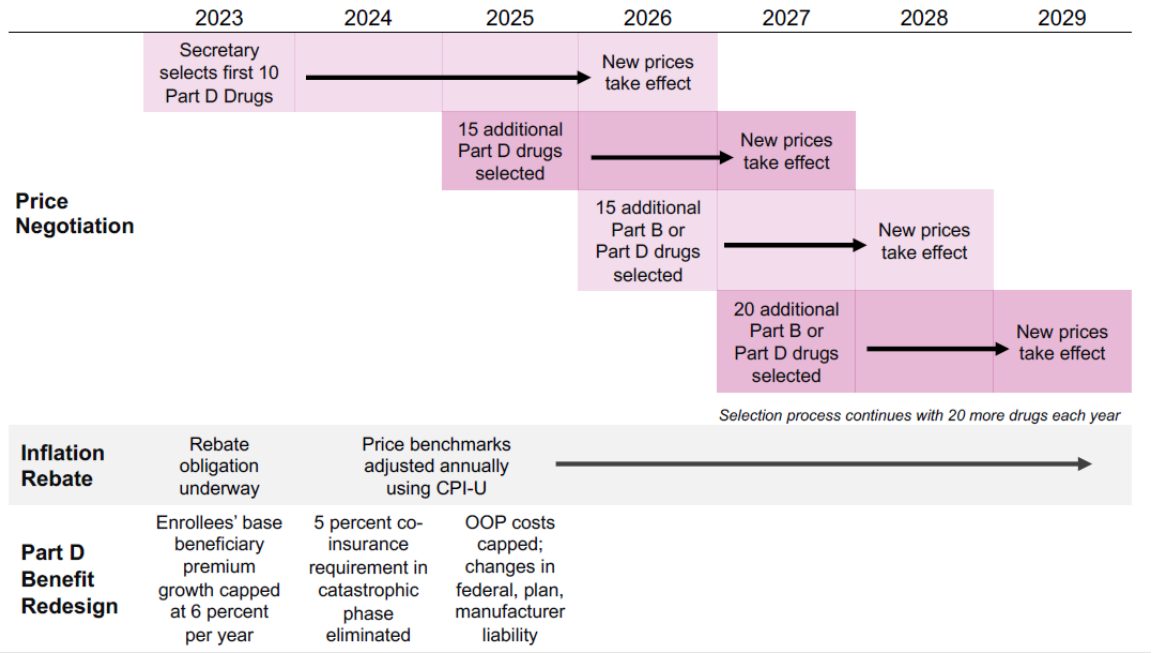
- A sustainable and equitable health care system that promotes better health outcomes for Vermonters.

Act 134 of 2024 (S.98)

Act 134 of 2024 (S.98) directed the Green Mountain Care Board (GMCB) to develop a prescription drug cost regulation framework.

- Partnered with OnPoint Health Data and Horvath Health Policy
- Published three reports
  - Preliminary Report on Implementing a Vermont Rx Regulation Program
  - Review of State Efforts and Paths Forward
  - Final Report on Prescription Drug Affordability in Vermont
- Data-Driven, Evidence-Based Analytics
  - Cost Plus Drugs Company Repricing Analysis
  - Medicare Maximum Fair Price Repricing Analysis
  - Analysis of Most Prescribed and Highest Spend Drugs in VT
- Building the evidence-base and increasing transparency

Inflation Reduction Act of 2022



- Single-source brand-name drugs or biologics, with no competition, after years on the market.
- CBO estimated $25 billion reduction in federal deficit by 2031 (total Rx provisions projected savings of $129 billion over 10 years).
- Estimated net savings of 22% on first 10 drugs (2026) and 44% on the next 15 drugs (2027).
- 40 drugs selected to date.

Policy Relevance & Analytic Goals of MFP Savings Analysis

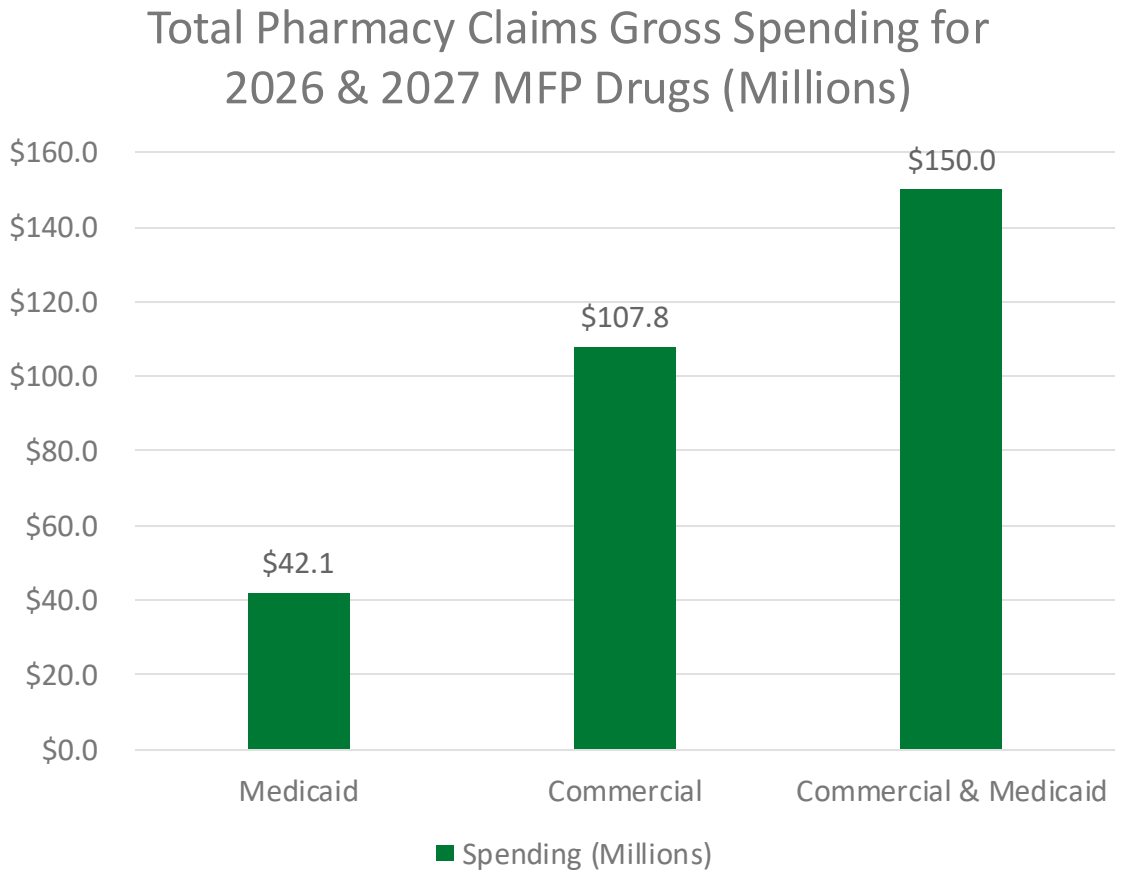
Analytic Goals

- Identify trends in Vermont retail pharmacy claims spending
- Analyze spending on MFP drugs by commercial and Medicaid plans
- Evaluate potential savings if Vermont used MFPs as payment limits
- Inform regulatory and non-regulatory policy options for GMCB

Data Sources

- VHCURES (Vermont's All-Payer Claims Database)
- CMS MFP List (2026 & 2027 Medicare Maximum Fair Price Drug Pricing Schedules)

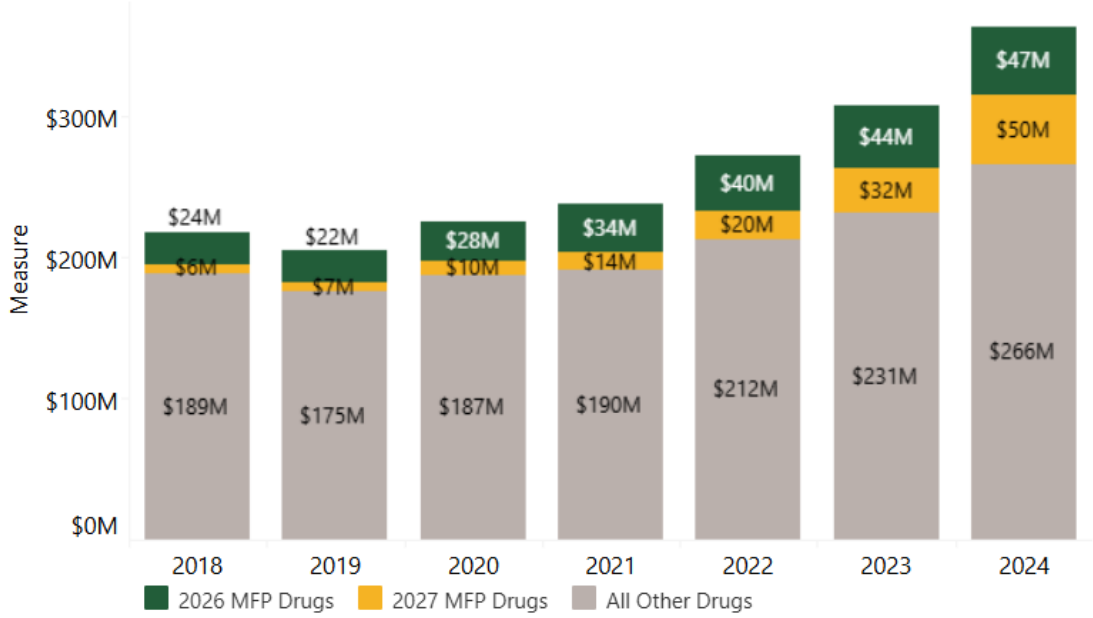
VT Spending on MFP-Selected Drugs (2024)



- $150M gross spending on 25 selected drugs.
  - $77.2M from the first 10 drugs selected for negotiation in 2026
  - $72.8M for the 15 drugs selected for negotiation in 2027.
- Roughly **1 in every 5 dollars** VT spends on prescription drugs goes to the 25 drugs now with MFPs.

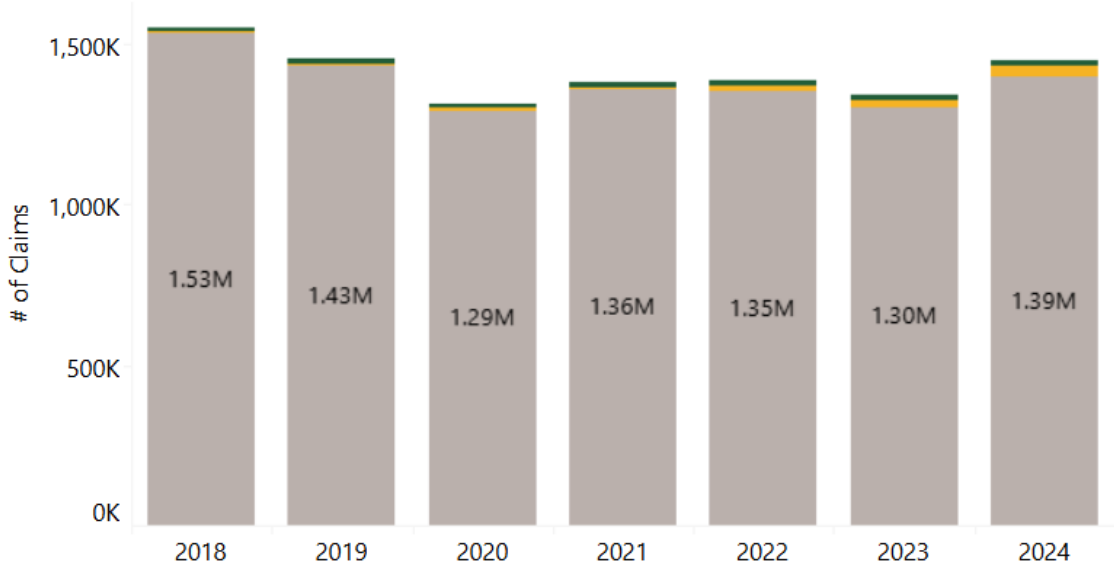
Total VT Commercial Spending & Claims for MFP & Other Drugs

Total Spending, Commercial (2018-2024)



Note: Because these data span multiple years, these data do not include estimates for self-insured employer plans not included in VHCURES.

Total Claims, Commercial (2018-2024)



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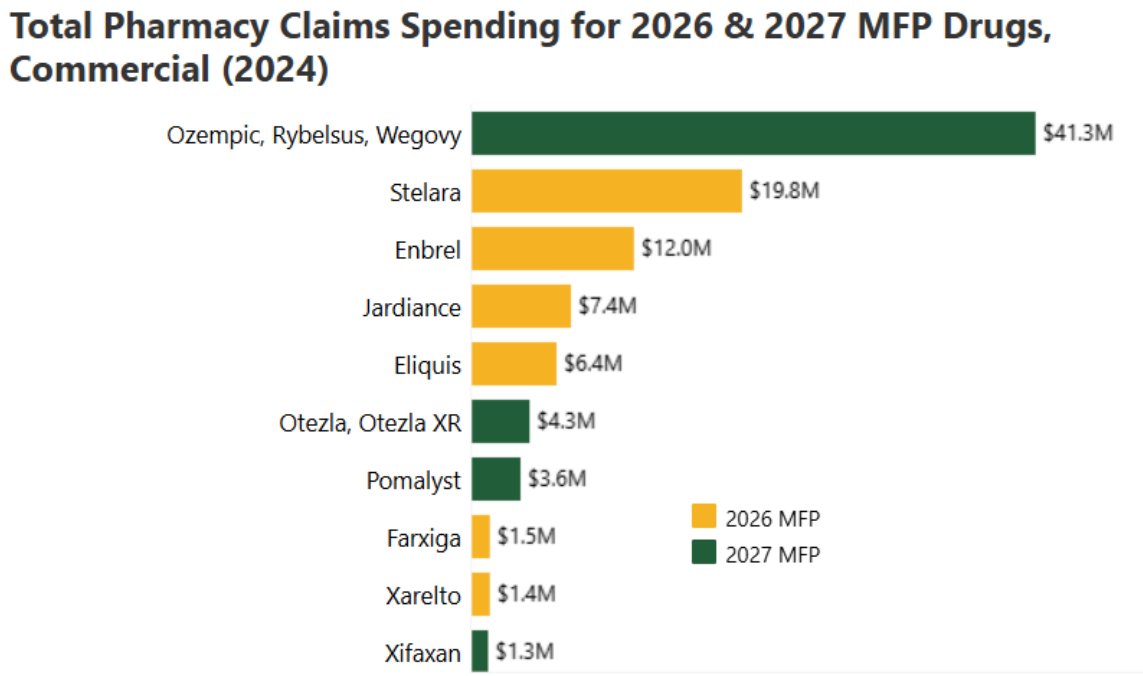
VT Commercial Spending on MFP-Selected Drugs (2024)



Note: These figures include imputed spending for self-insured plans, which are not included in VHCURES.

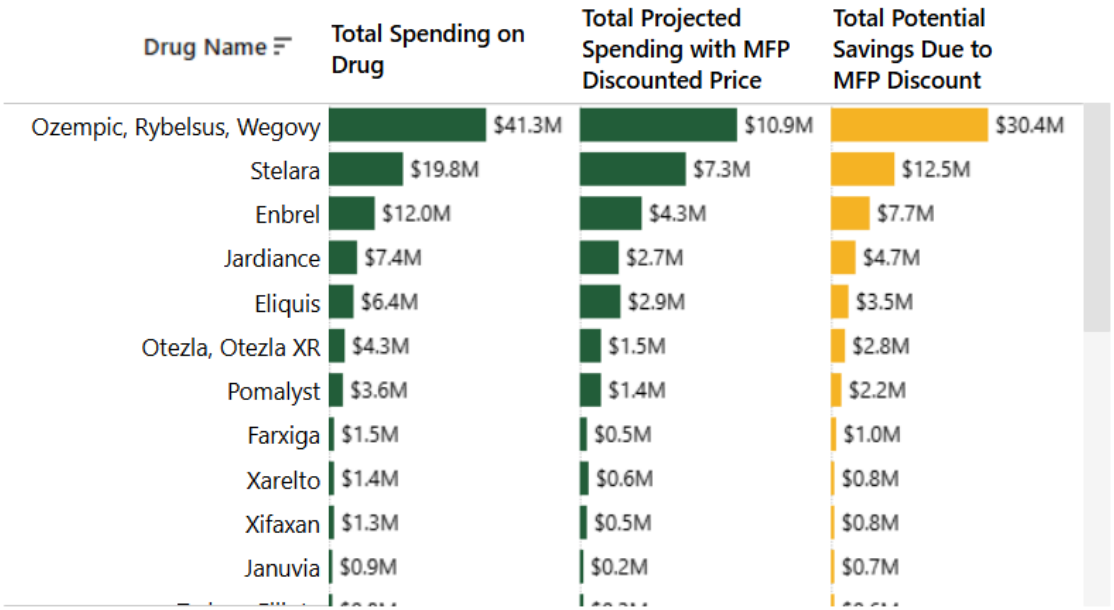
- Top 5 drugs account for 81% of total potential savings; top 10 account for 91%.
- GLP-1/obesity drugs and immunology biologics represent 63% of MFP-related spending at 67% of potential savings.
- Semaglutide products (Ozempic, Rybelsus, and Wegovy) accounted for **more than a third of potential savings** ($41.3M).

Discounts & Savings on MFP Drugs (2024)

Drivers of negotiated savings are a function of absolute price level and utilization volume:

- **Specialty/Biologic Model** (High unit price, low volume)
  - Stelara (1,075 fills at $24,234/fill)
  - Pomalyst (137 fills at $21,152/fill)
- **Mass-Market Model** (Moderate unit price, very high volume)
  - Ozempic/Rybelsus/Wegovy (37,842 fills at $1,245/fill)

Total Projected Savings for MFP Drugs, Commercial (2024)



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Key Findings

Significant Spending Concentration	$150M (30%) of all Vermont pharmacy spending is concentrated on the first 25 MFP-selected drugs.
GLP-1s & Specialty Drugs	Semaglutide products, Stelara, and Enbrel alone account for most of the MFP drug spending despite years on the market.
Dramatic Discount Potential	MFP-negotiated prices offer discounts of 25% to nearly 85% vs. current Vermont retail prices.
Substantial Patient and Payer Savings	$65+ in projected commercial savings; GLP-1s alone represent $30.4M in potential savings for commercial patients.

MFP Implementation Considerations

Trends to Watch

- Expanded number of drugs now exempt from MFP negotiation.
- Increase in newly exempt rare disease product launches may mean fewer drugs to negotiate.
- Negotiated prices for some drugs may compare similarly to price concessions
- New direct-to-consumer efforts may outpace MFP savings, though this is highly nuanced.

Other Implementation Considerations for Smaller States

Examples from Other States

- Multi-State Arrangements
  - Group Purchasing
  - Consumer Discount Card
- State Offices for Pharmaceutical Procurement
- Personal or Wholesale Importation

Implementation Considerations

- Coordination and Cooperation
- State Law Limitations
- Aligning Goals

What comes next?

- Continuing to build the evidence-base and increase transparency.
- Evaluating MFP-related savings as newly selected drugs are negotiated annually.
- Monitoring litigation and state implementation of upper payment limits (e.g., CO and MD).

Thank you!

Kirk Williamson (kirk.williamson@vermont.gov)