

Bryan Weighs Emergency Tax Relief to Protect Access to Critical Medications in USVI

Government House said the administration is considering temporary relief from excise, gross receipts, and certain customs-related costs on select prescription drugs as federal reimbursement changes strain local pharmacies and threaten patient access.

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Governor Albert Bryan Jr. says his administration is considering emergency executive action to help keep certain critical prescription medications accessible in the Virgin Islands, as recent federal pricing changes place growing financial pressure on local pharmacies.

The proposal under review would temporarily waive excise taxes, gross receipts taxes, and certain customs-related costs on a limited group of high-cost drugs covered under the Medicare

Maximum Fair Price program, as the administration weighs how to respond to what it says are mounting threats to medication access in the territory.

According to Government House, the review was prompted by concerns from local pharmacies that recent Medicare Part D reimbursement changes are not keeping pace with the actual cost of delivering medications in the Virgin Islands.

Unlike mainland providers, pharmacies in the territory must absorb additional costs, including shipping, customs duties, excise taxes, and gross receipts taxes, none of which are factored into federal reimbursement formulas.

Government House said preliminary data shows pharmacies are experiencing sharply reduced margins on commonly prescribed medications used to treat diabetes, heart disease, and other chronic conditions. In some cases, once local taxes and operating costs are applied, pharmacies are effectively dispensing medications at a loss.

“While federal efforts to reduce drug prices are well intentioned, they are being implemented using a mainland cost structure that does not reflect the realities of operating in the Virgin Islands,” Governor Bryan said. “Our pharmacies are now being forced into a position where dispensing certain lifesaving medications results in a financial loss. That is simply not sustainable.”

Bryan said the issue extends beyond the financial strain on pharmacies and directly affects patients who depend on access to essential medications.

“This is not about businesses. It is about patients,” the governor said. “If pharmacies cannot afford to stock and dispense these medications, then our seniors, our diabetic patients, and those living with chronic illnesses will face real barriers to care. That leads to worse health outcomes and higher long term costs for everyone.”

According to the release, the administration is also working with federal partners and regional stakeholders to pursue longer-term structural changes, including reimbursement models that account for the geographic and economic realities of U.S. territories.

Government House said any executive action, if adopted, would be temporary and targeted, and would apply only to a defined list of medications most affected by the federal pricing changes. It would also be paired with ongoing efforts to work with Congress and federal agencies on permanent solutions.

“We have worked hard to stabilize our economy, grow our revenues, and restore trust in government,” Bryan said. “We will not allow an unintended policy consequence to undermine access to health care in this Territory. If action is required, we will act decisively and responsibly.”

A final determination is expected in the coming days following consultations with health care providers, pharmacies, and fiscal officials.