

March 19, 2024

The Honorable Susan Donovan
House Health & Human Services Committee

Via email: HouseHealthandHumanServices@rilegislature.gov

RE: H 7365 An Act Relating To Insurance -- Accident And Sickness Insurance Policies (Prohibits Healthcare Entities From Interfering With A Patient's Right To Choose To Obtain A Clinician-Administered Drug From Their Provider Or Pharmacy Of Choice.): Oppose

Dear Chair Donovan and Members of the House Health and Human Services Committee:

Thank you for the opportunity to comment on H 7365. I represent Prime Therapeutics (Prime), a pharmacy benefit manager (PBM) owned by 19 not-for-profit Blue Cross and Blue Shield Insurers, subsidiaries, or affiliates of those Insurers, including Blue Cross & Blue Shield of Rhode Island. If H 7365 is enacted, the total cost of health care and premiums for Rhode Island citizens will increase. White bagging and network management are important tools utilized by plan sponsors and PBMs to put downward pressure on the soaring cost of prescription drugs. For this reason, Prime opposes H 7365.

Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. Our company manages pharmacy claims for more than 30 million people nationally and offers clinical services for people with complex medical conditions. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs. Importantly, Prime is not focused on driving profit margins. To control costs, Prime's clients rely on our clinical expertise and drug management tools, such as network management and white bagging.

'White bagging' is the practice of an in-network specialty pharmacy dispensing and distributing a clinician-administered medication to the patient's health care provider for administration. The health plan reimburses the specialty pharmacy for the medication and reimburses the provider for the administration of the drug. It is important to note that the practice of white bagging does not ship the medication to the patient.

Proponents to this bill will state that white bagging is an unsafe practice that leads to frequent delays in care because of shipping issues. They will state that specialty pharmacies have little to no oversight, and use of specialty pharmacies does not generate cost savings for patients. These arguments are false.

To join a PBMs network, specialty pharmacies are required to prove their ability to safely dispense specialty drugs by obtaining accreditation from independent accreditation organizations. One of the accreditation organizations specialty pharmacy accreditation is The Utilization Review Accreditation Commission (URAC). To gain URAC accreditation, specialty pharmacies must submit documentation proving that they meet operations and infrastructure requirements, have proper pharmacy operations procedures in place, medication distribution and patient service standards, as well as performance and monitoring processes in place.^{1,2}

¹ URAC. Specialty Pharmacy v. 5.0 accreditation requirements. <https://2297879.fs1.hubspotusercontent-na1.net/hubfs/2297879/SPPv5-SAAG09262022.pdf>

² URAC. Specialty Pharmacy 2024 Specialty Pharmacy Measures at a Glance [https://2297879.fs1.hubspotusercontent-na1.net/hubfs/2297879/2024 SP Measures-at-a-Glance.pdf](https://2297879.fs1.hubspotusercontent-na1.net/hubfs/2297879/2024_SP_Measures-at-a-Glance.pdf)

Every year URAC releases a report showing the performance metrics of accredited specialty pharmacies. The most recent report, 2022 Specialty Pharmacy Performance Measurement, contains reporting data from 383 reporting pharmacies and 48 million + dispensed drugs.³ This report shows that:

- ✓ 99.91% of specialty drugs were distributed with no errors,
- ✓ 75.74% of calls were answered within 30 seconds, and
- ✓ 97% overall customer satisfaction rate.

The traditional physician administered drug dispensing method is referred to as 'Buy and bill'. Through this dispensing method the health care provider purchases the product from a supplier and bills the health benefit plan for the dispensing and administration of the drug. Buy and bill practices result in double the cost over specialty pharmacy dispensing on average.⁴

White bagging is a way for payers to lower the cost of treatment for patients and payers at a time when it has never been more important. In 2021, 55% of drug expenditures were for specialty medications, which represent 3% of defined daily doses⁵. While the cost of banning or restricting white bagging is hard to quantify, a fiscal note attached to a white bagging restriction bill in Missouri in 2022 estimated that such a bill would cost the Missouri Consolidated Health Care Plan, and thus taxpayers, \$18 million in additional prescription drug expenses.⁶

H 7365 prohibits plan sponsors from passing the savings generated by white bagging on to consumers. By prohibiting plans from offering lower co-pays to patients who utilize a lower-priced specialty pharmacy this bill will increase the out of pocket costs for Rhode Island residents and limit their option to choose a cost savings.

The data is clear

- ✓ White bagging saves patients and plan sponsors money.
- ✓ White bagging is safe, accurate, and timely.
- ✓ Banning lower co-pays for white bagged drugs limits patient choice and increases cost.

I urge the committee to examine the root issues of increasing drug costs, not mask the issue with preventing the delivery of medications for physician administration. I welcome the opportunity to further discuss these concerns and work towards evidence-based solutions to help people get the medicine they need to feel better and live well. Thank you for your time and consideration.

Respectfully,



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³ URAC. 2022 Specialty Pharmacy Performance Measurement Aggregate Summary Performance Report. https://www.urac.org/wp-content/uploads/2023/02/2022_URAC_Specialty-Pharmacy_Aggregate-Summary-Report.pdf

⁴ AHIP. HOSPITAL PRICE HIKES: Markups for Drugs Cost Patients Thousands of Dollars. https://www.ahip.org/documents/202202-AHIP_1P_Hospital_Price_Hikes.pdf

⁵ THE USE OF MEDICINES IN THE U.S. 2022 – IQVIA,

⁶ COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION, Fiscal Note: HB 2305