



May 9, 2024

Representative Susan Donovan, Chair
House Committee on Health & Human Services
House of Representatives
Providence, Rhode Island

Healthcare Distribution Alliance (HDA) Amendment Opposition H.8220

Dear Chair Donovan:

On behalf of the Healthcare Distribution Alliance (HDA), representing the nation's primary healthcare distributors, I am writing to respectfully share our opposition to H.8220, Rhode Island Drug Cost Review Commission.

HDA's distributor members serve as the critical logistics provider within the healthcare supply chain, adding efficiency, security and keeping the healthcare system functioning every day. HDA members work 24 hours a day, 365 days a year to ensure approximately 10 million healthcare products per-day, including specialty drugs, are safely and securely delivered to more than 180,000 providers across the country. In Rhode Island, our members serve 830 points of care.

HDA supports efforts to ensure patients have affordable access to medications. However, due to the cost and complexities of developing, storing, delivering, tracking, tracing, and otherwise protecting the integrity and availability of pharmaceuticals, the pharmaceutical marketplace is unique from marketplaces for other services and utilities such as electric and water, and cannot be regulated in the same way, without the risk of disrupting critical patient access or compromising the security of the supply chain.

While HDA appreciates that the bill accurately represents the role of distributors, recognizing that manufacturers, set the wholesale acquisition cost (WAC) of drugs and are responsible for both introducing and withdrawing drugs in the market. However, we are concerned with the language enabling the Drug Cost Review Commission to set the level of reimbursement for selected drugs in Rhode Island. State-level payment limits do not take into account that the U.S. drug supply chain operates on a national scale, if Rhode Island establishes a reimbursement level, the price at which these drugs are bought and sold for nationally will remain unchanged. Many providers in Rhode Island purchase drugs in out-of-state transactions that would not be subject to the limitations set

forth in the legislation, requiring providers to purchase drugs at a national price point and then be subject to in-state reimbursement limitations. This would ultimately limit the ability of pharmacies, clinics or other points of care to recoup costs for administering or dispensing these products.

Because of the unintended consequences the use of a state-level payment or rate limit might have for timely patient access to critical medications, we do respectfully request that the Committee oppose H.8220 at this time.

Thank you for your consideration of our concerns, and please contact me for further discussion at kmemphis@hda.org

Thank you,

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance