



**Date:** March 21, 2022

**To:** Members of the House Insurance Committee

**From:** Michelle Stoughton, Senior Director of Government Relations

**Re:** House Bill 451

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Thank you for the opportunity to provide opposition testimony on HB 451, legislation that would prohibit cost saving programs that allow affordable access to life-saving medications.

### **Anthem in Ohio**

For more than 80 years, Anthem Blue Cross Blue Shield has proudly served the people, employers, and communities of Ohio. Today, over 3.2 million Buckeyes carry the Blue Cross and Blue Shield card through our Commercial, Medicare, and soon to be Medicaid Coverage. 70% of our commercial business is self-funded, which means that Anthem manages the health care claims but that our customers pay for costs directly.

### **Anthem's Focus on the Access and Affordability of Specialty Drugs**

As a health insurer in Ohio, Anthem believes that health care needs to be accessible and affordable to all Ohioans. We know that cost is part of healthcare quality. From the Kaiser Family Foundation: "Half of U.S. adults say they put off or skipped some sort of health care or dental care in the past year because of the cost. Three in ten (29%) also report not taking their medicines as prescribed at some point in the past year because of the cost."<sup>i</sup>

Physician administered drugs are those prescription drugs that are administered by a health care provider to a patient through injection or infusion and can also be administered in a hospital outpatient setting or a provider's office. Specialty drugs treat a wide range of conditions, including inflammatory conditions, cancers, HIV, and multiple sclerosis. These lifesaving specialty drugs can cost tens of thousands of dollars per month and are the largest driver of rising drug costs for consumers and employers. In fact, specialty drugs account for only 2% of drugs dispensed<sup>ii</sup> but represent nearly 45% of all prescription drug spending,<sup>iii</sup> a figure that is expected to rise to 52% by 2024.<sup>iv</sup>

Contributing to those rising costs, providers often charge 300% or more for drugs administered in some outpatient hospital settings than when the same drug is administered in an office setting, with some providers in Ohio charging over 700% more. Anthem's specialty drug network initiative plays a vital role in helping members who need specialty drugs continue to receive the same high-quality drugs at more affordable costs.

### **Prioritizing Access to Affordable Specialty Drugs through Collaborative Solutions**

In June 2021, to address this fast-growing problem of skyrocketing specialty drug costs, Anthem began working with its provider partners on an initiative that would help us do just that. Anthem's goal was

and is simple: ensure safe, reliable access to these drugs for our members without unnecessarily increasing costs for consumers and employers.

To do this, Anthem has implemented a designated specialty pharmacy network for a small subset of specialty drugs that are administered in a hospital setting and are included in *a member's medical (not pharmacy) benefit*. This initiative requires our provider partners to acquire these drugs from CVS Specialty, the country's leading specialty drug's supplier. CVS Specialty delivers the specialty drugs directly to care providers when and where they are needed. As many of you know, this process is sometimes referred to as "white bagging."

If a provider partner does not want to receive this small subset of drugs from CVS Specialty, Anthem has worked with the provider to join its specialty network by arriving at a mutually agreeable and reasonable price markup charged by hospitals for these drugs, known as "buying and billing." It is important to note that additional costs to administer these drugs are reimbursed separately and in addition to the cost for the drug. It cannot be understated that our provider partners are all given a choice. If they would like to continue buying and billing, they absolutely can do that as long as they negotiate a fair and reasonable rate for those specialty drugs. In the vast majority of cases, Anthem's healthcare provider partners continue to order and administer these drugs exactly as they did previously. This resulted in a direct savings to our members.

#### **Building a Program with Attention to Quality and Access**

Anthem built a specialty pharmacy network to address affordability, while maintaining high standards for quality and access to these lifesaving drugs. First, Anthem picked an industry leader as our pharmacy partner, for those hospitals that did not want to join our specialty pharmacy network. As experts in drug ordering and delivery, CVS Specialty prioritizes shipments based on the member's infusion date. They work closely with the member and care provider to deliver the specialty drugs when and where it is needed for administration to the member. CVS follows all required safety checks and is willing to work with hospitals in medication tracking to match the hospitals' additional safeguard protocols, such as drug interaction assessments and double-checking appropriate dosage for the patient's weight.

Anthem has an exception process in place that allows for providers to use the needed drug from their own shelves and bill Anthem for that drug if for some reason the dosage for the patient has changed. This exception process addresses a provider's concern that a patient's weight has changed and therefore the dosage amount of the drug is incorrect. These exceptions ensure that the member's care team and attending physician can initiate needed treatments in a timely manner and that Anthem will still pay for the provider to provide the drug for the member so that care is not interrupted. Anthem allows providers to determine if a treatment is needed because of an emergency or an inappropriate delay at the point of care. In other words, this initiative does not make any changes to current prior authorization practices and exceptions are granted without express prior approval.

#### **Anthem's Concerns with HB 451**

Because of the reasons above, Anthem opposes HB 451. Affordable and equitable access to quality healthcare must be a primary goal of our entire healthcare system. Unfortunately, this legislation would block a program that safely and dependably assures access to life-saving specialty drugs, while protecting Ohio consumers and employers from unsustainable healthcare cost trends.

Thank you again for your time and consideration on this legislation.

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<sup>i</sup> Kaiser Family Foundation: Americans' Challenges with Health Care Costs (December 14, 2021): [kff.org](https://www.kff.org).

<sup>ii</sup> IQVIA: Medicine use and spending in the U.S. (May 9, 2019): [iqvia.com](https://www.iqvia.com).

<sup>iii</sup> Managed Care: Specialty drug spend soars. Can formulary management bring it down to Earth? (September 18, 2019): [managedcaremag.com](https://www.managedcaremag.com)

<sup>iv</sup> IQVIA: Global medicine spending and usage trends: outlook to 2024 (March 5, 2020): [iqvia.com](https://www.iqvia.com)