



House Bill 451 Opponent Testimony

Ohio House Insurance Committee

Barb Gerken

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Chairman Brinkman, Vice-Chairman Lampton, and Ranking Member Miranda, I am Barb Gerken, Legislative Chair for the Ohio Association of Health Underwriters (OAHU) and I would like to thank you for the opportunity to submit written opposition testimony on House Bill 451. OAHU is a professional association representing hundreds of licensed health insurance agents, brokers, general agents, consultants, and employee benefits specialists. The members of OAHU work daily to help thousands of individuals and employers of all sizes purchase, administer and utilize health plans of all types.

House Bill 451 will stop health insurers from implementing a pharmacy policy known as "white bagging." This is a practice in which a specialty pharmacy ships a patient's clinician administered drug directly to the provider, such as hospital or hospital-affiliated clinic, where it is held until the patient arrives for treatment. Claims processing for the drug happens in real time through the drug benefit rather than through the medical benefit where payment delays and high costs are possible. The health plan sponsor then reimburses the specialty pharmacy for the ingredient cost of the drug, and sometimes a dispensing fee, and reimburses the provider for the cost of the drug's administration. The cost of these drugs through specialty pharmacies is typically lower than through providers. As a result, white bagging has real benefits for patients, providers, and health plan sponsors.

Prescription drug prices in the United States are significantly higher than 32 other nations, averaging 2.56 times greater for generic drugs and 3.44 times greater for brand-name medications.¹ These high drug costs have forced consumers to make difficult choices, like spending less on groceries, putting off a doctor's visit, or even declining to fill a necessary medication prescribed by their physician.² In a time where prices are already so high for patients and employers, House Bil 451 will eliminate a tool health insurance providers have to encourage lower cost, higher quality, and more convenient drug administration. Restricting

¹ Mulcahy, Andrew W., et al, [International Prescription Drug Price Comparisons: Current Empirical Estimates and Comparisons with Previous Studies](#). Santa Monica, CA: RAND Corporation, 2021.

² Gill, Lisa. [The Shocking Rise of Prescription Drug Prices](#). Consumer Reports. 26 November 2019.

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white bagging in Ohio could cost the state \$333 million in excess drug spending in the first year alone, and \$4.2 billion over the next 10 years.³

In addition, eliminating the use of white bagging could hinder patients' access to care. Patients with physicians who are unable to source, afford to buy, and then store a medication can receive convenient care when a white-bagged medication is delivered to the office just ahead of a visit. Through this process, a physician-administered prescription can be covered under the pharmacy benefit, which may have lower patient cost sharing than the medical benefit usually used for physician administered drugs. Furthermore, the pharmacy benefit processes the claim in real time, which supports patient awareness of their cost sharing.

We appreciate the opportunity to share our perspective on the negative impacts of House Bill 451. Ultimately, eliminating health insurance providers' existing tool of white bagging to promote high-quality, lower-cost care will make the drug cost problem worse, not better, for patients and employers. If you have any questions about our comments or if OAHU can be of assistance as you move forward, please do not hesitate to contact me at either 419-327-0608 or bgerken@firstinsurancegrp.com.

³ [Assumptions and Methodology for National White Bagging Savings Estimates](#). PCMA. February 2022.