



**Testimony Opposing House Bill 451**  
**Connor Rose**  
**Director, State Affairs**  
**Pharmaceutical Care Management Association**  
**The Ohio House Insurance Committee**  
**March 23, 2021**

The Pharmaceutical Care Management Association (PCMA) respectfully submits the following comments for consideration in opposition to HB 451, which would prohibit the alternative, more affordable sourcing of high-priced specialty drugs, commonly known as “white bagging”. PCMA is the national trade association representing America’s pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 270 million Americans with health coverage provided through employers, health insurance plans, labor unions, Medicaid Medicare, Federal Employees Health Benefit Programs, and other public programs.

**What is “White Bagging”?**

“White bagging” is the 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. In this circumstance, the hospital or clinic does not purchase the drug and bills the patient’s insurance benefit for the cost of the prescription, because the drug is provided to them by the specialty pharmacy. However, the hospital or clinic **does** typically receive payment, such as a percentage of the drug cost, for administering the drug to the patient.

Specialty pharmacies must follow all relevant laws and guidelines for the storage, handling, dispensing, and shipping of these medications. In other words, the same regulations and standards apply to drugs dispensed via white bagging as to drugs purchased directly by a hospital or clinic.

“White Bagging” policies are used for medications when clinical evidence indicates the drug can be safely dispensed, are appropriate for the patient’s needs, and **when there are cost savings for patients and employers**. Moreover, white bagging increases transparency for consumers because the pharmacy benefit processes the claim in real time, which supports patient awareness of their cost sharing.

**Why Address the Cost of Clinician-Administered Drugs?**

Clinician-administered drugs have high prices, which are subject to even further, significant markups above a hospital’s acquisition costs. These markups are well-documented:

Health Affairs (2021): This study examined the 2019 prices paid for by Blue Cross Blue Shield for certain drugs administered in hospital clinics versus provider offices. The study found the prices paid for hospital outpatient departments were **double** those paid in physician offices for biologics, chemotherapies, and other infused cancer drugs (99-104% higher) and for infused hormonal therapies (68% higher). Blue Cross Blue Shield – and therefore patients and employers – would



have saved **\$1.28 billion, or 26 percent of what they actually paid**, if the insurer had all patients receive their infusions in a provider's office instead of hospital clinics.

JAMA Internal Medicine (2021): The median negotiated prices for the 10 drugs studied ranged from **169% to 344% of the Medicare payment limit**. The largest variation in markup came from Remicade, an IV drug that treats autoimmune conditions – the median rate paid by commercial insurers at Mayo Clinic's hospital in Phoenix was more than 800% of the Medicare rate.

AllianceBernstein (2019): Depending on the drug and type of hospital, markups ranged on average from **3-7 times more** than Medicare's average sale price.

The Moran Company (2018): Most hospitals charge patients and insurers **more than double their acquisition cost** for medicine. The majority of hospitals markup medicines between **200-400% on average**.

### **Shipping Safeguards for Drugs Requiring Special Handling**

While the vast majority of shipped prescriptions do not require special handling or packaging, for those that do, mail-service pharmacies use U.S. Pharmacopeia guidelines to determine handling needs and leverage proprietary software to map out the ideal packaging journey, which accounts for the acceptable temperature range, forecasted weather conditions, and destination temperatures. Proprietary software is used by PBMs to map out a delivery path for those prescriptions that must stay within a specific temperature range. Such software accounts for the acceptable temperature range for each prescription, forecasted weather conditions, and destination temperatures. Based on this information, the appropriate shipping time frame and packaging are determined specific to that prescription. For example, a mail-service pharmacy may package prescription drugs in temperature-protective coolers with gel packs to ensure that the prescriptions stay within a safe temperature range — even accounting for if the package is sitting outside for hours after delivery.

Specialty prescription drugs, including injectable drugs with special handling requirements, are usually shipped through commercial mail and shipping carriers, such as UPS and Federal Express. The same carriers that are delivering prescription drugs to hospitals. Specialty drugs requiring refrigeration are typically shipped for overnight delivery, often through common carriers other than the USPS.

The safety and efficacy of mailed prescriptions is of utmost importance and is well reflected in the level of precision and planning undertaken by mail-service pharmacies in the mailing of prescription drugs, including those with special handling requirements. The precision also reflects the needs and preferences of consumers not only for safe, high-quality products, but also to know when their prescription will be shipped and received<sup>1</sup>. For example, as required by CMS, Medicare Part D plan sponsors require their network mail-service pharmacies to provide enrollees an

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<sup>1</sup> CMS, "Clarifications to the 2014 Policy on Automatic Delivery of Prescriptions" (December 12, 2013).



approximate shipping date range, of within two-to-three days, prior to delivery.<sup>2</sup> Mail-service pharmacies offer enhanced safeguards for safety and accuracy. Before shipping a prescription to a patient's home, mail-service pharmacies' staff pharmacists electronically review the patient's medications to detect adverse drug reactions, especially any potentially harmful drug-to-drug interactions — even when the patient uses several pharmacies. This information may not be available to a patient's physician without an interoperable health record system.

Specialty pharmacies and mail delivery are tools used in pharmacy networks because they ensure high-quality drug delivery service, avoid waste, and ensure appropriate use of the medications. In limiting a plan sponsor's choices to allow alternative sourcing of specialty drugs and prohibiting the common, safe and, importantly, cost saving and price transparent practice of white bagging, this bill is likely to substantially increase costs for Ohioan consumers, plan sponsors and businesses. In fact, restricting 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. It is for these reasons we respectfully request that you oppose HB 451.

Sincerely,

A handwritten signature in black ink, appearing to read "Connor Rose", is positioned below the word "Sincerely,".

Connor Rose  
Director, State Affairs

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<sup>2</sup> Op. cit, CMS (December 12, 2013).