February 9, 2022

Insurance Committee
Ohio House of Representatives
HB 451 Proponent Testimony

Chairman Brinkman, Vice Chair Lampton, Ranking Member Miranda and members of the House Insurance Committee, thank you for the opportunity to testify in support of House Bill 451 related to the practice of "white bagging" of physician administered medications.

White bagging refers to the process of an insurer or Pharmacy Benefits Manager (PBM) requiring that a medication be dispensed from a third-party pharmacy rather than be supplied by an in-house pharmacy at the provider/health system. The white bagging process creates patient safety risks, inefficiency, delays in patient care, and drug waste which lead to unnecessary health care spending. It complicates the already complex drug supply chain and requires duplication of effort in order to ensure patient care breakdowns do not occur.

To understand the safety and quality of care risks that white bagging creates, one must understand the unique category of "physician-administered medications." According to the Medicaid and CHIP Payment and Access Commission, "(a) physician-administered drug is an outpatient drug other than a vaccine that is typically administered by a health care provider in a physician's office or other outpatient clinical setting." These are not medications in pill form nor are they self-administered injectables such as insulin. Physician-administered medications are usually compounded and used to treat gastrointestinal diseases, other autoinflammatory conditions, and cancer, among other conditions. While physician-administered drugs are common treatments for youth with these difficult diagnoses, these drugs represent a small fraction of all outpatient prescriptions at Nationwide Children's.

When a patient requires a physician-administered medication, many steps have to occur in a precise order with exact specificity to prevent a medication error. The medication first needs to be configured and available to order in the electronic health record system; smart infusion pump libraries need to be built, maintained, and updated; orders need to be placed by prescribers and verified by pharmacists; the medication needs to be prepared in a US Pharmacopeial Convention (USP) compliant IV room; and the nurse must complete all necessary medication administration steps including barcode scanning of the patient and medication. These necessary steps ensure accurate and safe prescribing, compounding, dispensing, and administration of physician-administered medications. White bagging adds unnecessary complexity to an already nuanced and challenging process.

As a children's hospital delivering these specialized treatments, we have witnessed inconvenience to the patient and family as a result of the white bagged medication failing to arrive on time. In the typical pharmacy supply chain, pharmacy wholesalers and specialty distributors such as McKesson or Cardinal Health deliver medications to the hospital with safeguards to ensure safe transportation of medications,

which are sensitive to shaking and temperature change, directly to the hospital pharmacy. Conversely, white bagged medications are shipped to the hospital by any number of shipping services to the hospital. The medication may arrive at the loading dock the day after the scheduled infusion, it may arrive buried in a pallet of packages, or it may arrive at the wrong building altogether. As a result, despite providers' best efforts, patients and families may arrive for a scheduled infusion only to find that the medication hasn't arrived, and we are unable to provide the required treatment.

White bagging represents a unique challenge for providers serving a pediatric population. Medication dosing is weight-based, sometimes requiring dose adjustments based on weight change when a patient arrives for the infusion, and after it has been ordered and shipped from the outside pharmacy. Pharmacists work closely with our providers and patients and normally would make these medication changes in real time. Due to forced white bagging, the provider and hospital pharmacy may not be able to order the ideal dose, or instead have to use some medication from the hospital's inventory, which the insurer will refuse to reimburse, to complete an accurate, safe, and effective dose.

As a children's hospital serving a 37-county region in central and southeastern Ohio, many of our patients drive hours for care. White bagging delays care to our vulnerable patients, increases travel costs, burdens parents with lost work hours and wages, and adds tremendous stress to already worried families.

Patients and families should not worry about how medications are shipped to a health system when they are coming to receive a physician-administered medication to treat gastrointestinal disease, other autoinflammatory conditions, or cancer. They already have enough stress with which to contend.

When patient families arrive at Nationwide Children's Hospital, they expect that we will provide the care and treatment their child needs. Unfortunately, when insurers or PBMs force white bagging of physician administered drugs, the very medications required for treatment are out of the providers' control. It can be extremely difficult to figure out whether or not the medication will be sent from the outside pharmacy. Here is one recent example:

> *A patient needs to be started on infliximab, an infused monoclonal antibody used for the treatment of autoinflammatory disorders. The hospital prior authorization (PA) team calls the payor to initiate a prior authorization request for infliximab. The PA team receives paperwork back from payor that states the PA is approved, provides the J-code/HCPCS code that was approved and the date range of the approval. This same letter goes to patient. We proceed with treatment and purchase the medication ourselves based on the documentation that the PA is approved for us as medical provider. We then receive claim denial 2-3 months later stating this was provided by "C0279 – non network provider'. Nowhere in our process for getting the PA, or in any of the paperwork we receive back, does it state to contact a specialty pharmacy, or that the medication needs to come from specialty pharmacy. The payor tells us to call members' customer service department. When we call, we are told that member services cannot share with us this information or confirm benefits without consent from the patient. Thus, the only way to get this information is a three-way call with the patient…*

There is also an added risk of waste associated with white bagging, with added costs for patients and the health care system. If for some reason a patient's medication is deemed no longer appropriate for this patient prior to the day of therapy, the drug may have already shipped to the hospital. As it has already been dispensed by the specialty pharmacy, it cannot be returned, and thus it is left on our hospital's shelf in the fridge until it expires. The patient's insurance has already billed for the medication, and the patient has been billed for a copay. When insurers do this, they risk a patient being charged for a therapy they do not actually receive. If the provider is able to use normal processes, the patient is only billed if they actually receive the medication.

Today, I ask you to level the playing field and allow providers who directly care for these patients to choose how these drugs are supplied to us, so our clinicians caring for kids with gastrointestinal diseases, rheumatology diseases, cancer, and many other conditions can focus on patient care rather than needless administrative complexity. This bill does not outlaw white bagging; rather, it simply prohibits white bagging from being forced upon the provider.

Thank you very much for considering this legislation.

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