



## Testimony in Opposition to HB 2715

January 24, 2023

Chair Nosse and Members of the Committee,

My name is David Robertson, and I am the Vice President of Clinical Pharmacy Services at Cambia Health Solutions, which operates Regence Health Plans of Oregon. As the state's largest health insurer, Regence is committed to addressing both persistent and emerging health needs for the nearly one million Oregonians we serve. In keeping with our values as a tax paying nonprofit, 86.9% of every premium dollar goes to pay our members' medical claims and expenses.

As an insurer, Regence has been at the forefront of ensuring that Oregonians have access to safe, affordable healthcare. White bagging and site of care programs can be significant tools for helping contain the rising cost of healthcare. White bagging is the process in which a specialty pharmacy will ship a patient-specific medication to the hospital or clinic for administration, removing the provider from the process of billing for the medication. Site of care programs redirect members from expensive hospital outpatient sites to high value, lower cost infusion sites that maintain safety and effectiveness. Neither of these strategies require any changes to the medication prescribed or the dose received.

Creating state level prohibitions on white bagging and site of care programs will significantly limit the tools that insurers have to promote affordability and will result in higher healthcare costs for Oregonians. If the state is serious about healthcare affordability, we ask you to oppose HB 2715 as drafted.

### **The Cost of Specialty Drugs is Rising; Provider Markups Can Increase that Cost by Orders of Magnitude**

Specialty drugs are those that are used to treat complex, chronic or rare conditions, like cancer or multiple sclerosis. These drugs require special management and cost significantly more than most medications. According to a recent study published by the Journal of the American Medical Association, the share of drugs priced at \$150,000 per year or more rose from 9% in 2008 – 2013 to 47% in 2020 – 2021. Furthermore, a recent Reuters report found that the median price for newly approved treatments in 2022 was \$222,003, up from \$180,000 through the first half of 2021. Unfortunately, this trend towards more costly

medications is expected to continue. When hospitals purchase these costly drugs directly and administer them to patients, they generally include a significant markup on the cost of those drugs, which are wholly unrelated to the cost to purchase and administer them. On average, hospitals have charged more than double the price for the same specialty drugs than specialty pharmacies. [From 2018-2020, the cost of a single drug treatment from a hospital costs an average of \\$7,000 more](#) than if the same therapy was purchased through a specialty pharmacy. A study by the health research firm, The Moran Company, reveals that some providers markup drugs 4 times the acquisition cost. With the cost of drugs rising at the unsustainable rates mentioned above, this level of markup is causing financial hardships for Oregonians. According to a survey performed [in April 2021](#) by the Altarum Health Care Hub, of the 900 Oregonians surveyed, 61% had experienced healthcare affordability burdens in the past year, with 77% worried about healthcare affordability in the future. These concerns are of paramount importance to Regence.

### **Specialty Pharmacies Prioritize Patient Safety and Lower Healthcare Costs**

Specialty pharmacies also prioritize patient safety. They require pharmacists with extensive clinical expertise and education to safely dispense, store and handle specialty drugs. Specialty pharmacies adhere to strict guidelines that require sophisticated storage conditions, specialized dispensing, and are [designed to provide a comprehensive and coordinated model of care for patients with chronic illnesses and complex medical conditions](#). In addition, specialty pharmacies can quickly ship out new medications if there is a change in treatment or dose.

By leveraging Specialty Pharmacies to provide medications, there is significantly less markup on the drug, which may result in thousands of dollars of savings for members, employers, and health plans **every time** a specialty medication is dispensed. Using this method ensures more competitive rates are paid for the drug without sacrificing clinical value or effectiveness. Although health care providers have made patient safety and liability arguments, studies have shown an underlying financial incentive for health care providers to oppose certain drug acquisition practices unrelated to patient safety.

### **The Cost Savings of White Bagging and Directing Site of Care Can be Substantial**

Our members' premiums and out-of-pocket costs are based on both the cost that drug manufacturers solely set and the price that hospitals charge, including the significant upcharges added. As healthcare costs continue to climb, Regence has been working to find ways to improve patient experience while controlling rising healthcare costs. A significant strategy to accomplish this goal is ensuring patients are seen at the most appropriate site and level of care and ensuring that medications are purchased at the most economical

location. In the specialty drug space, this can mean directing patients who need ongoing treatment away from care in a hospital toward specialty care centers, professional office settings, and home infusion settings. HB 2715 would prevent both these cost containment strategies.

The savings associated with white bagging and site of care programs are substantial for our healthcare system. A national study across Blue Cross Blue Shield health plans determined [\\$1.28 billion dollars per year could have been saved](#) if all patients received their infusions in a provider's office; which is a lower cost site, instead of in hospitals.<sup>1</sup> Prohibiting these safe and proven practices would substantially increase healthcare costs for Oregonians and businesses within the state of Oregon.

At Regence, we believe that everyone should be able to afford their prescription drugs. With the cost of prescription drugs continuing to rise, Oregonians expect that their insurers are using every available tool to keep costs down. We urge the legislature to meet the needs of Oregonians to encourage and not place undue restrictions on programs that improve drug affordability.

Sincerely,

David Robertson, Vice President of Clinical Pharmacy Services  
Cambia Health Solutions and Regence Health Plans of Oregon

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<sup>1</sup> For more information on white bagging, please review [this white paper](#) from the Regence Health Policy Center