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June 10, 2021

RE: AN ACT to amend the insurance law and the public health law, in relation to establishing patient safety and quality assurance measures regarding the distribution of patient-specific medication from an insurer-designated pharmacy

S.7252 (Breslin)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the Blue Cross and Blue Shield Plans

The New York State Conference of Blue Cross and Blue Shields ("BCBS") plans strongly opposes enactment of this bill, which would impose significant and unnecessary restrictions on "white bagging" – a practice whereby insurers partner with pharmacies to have specialty medications shipped directly to providers for administration in an outpatient hospital setting. While the BCBS already implements high patient-care and safety standards, proposed administrative requirements would unnecessarily frustrate operation of an initiative that yields substantial cost savings to consumers, employers and the healthcare system.

According to America's Health Insurance Plans ("AHIP"), projected drug spending in the United States is nearly $600 billion per year, up more than 75 percent from 2015.[1] In fact, BCBS has spent more than $100 billion, or nearly 20 percent of overall health care expenditures, on prescriptions for commercially insured members.[2] Complex specialty drugs – such as those administered by practitioners for the treatment of inflammatory conditions, multiple sclerosis, cancer and HIV – are the largest driver of these skyrocketing pharmaceutical costs. "Almost half (47.8 percent) of the [150] specialty drugs included in [AHIP's] analysis cost more than $100,000 per patient per

1 America's Health Insurance Plans, *High-Priced Drugs: Estimates of Annual Per-Patient Expenditures for 150 Specialty Medications*, *available at*: https://www.ahip.org/report-high-priced-drugs-expenditures/.
2 IQVIA Institute, *Medicine Use and Spending in the U.S.: A Review of 2018 and Outlook to 2023* (May 9, 2019), *available at* https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/medicine-use-and-spending-in-the-us---a-review-of-2018-outlook-to-2023.pdf?_=1621435327734.

year."[3] As a result, while such medications account for merely 2 percent of those dispensed, they represent nearly 45 percent of all prescription drug spending; and that figure is expected to rise to 52 percent by 2024.[4]

Legacy practices, whereby a healthcare provider obtains such medications through their own suppliers, dramatically compound this rapid growth in cost. When administered in a hospital outpatient setting, the price of specialty medications can be 200 to 300 percent higher – and sometimes up to 500 percent more – than the same drug administered in an office-based setting. The product of this system is a growing burden on health plans sponsored by employers, more than 60 percent of whom believe current drug and medical spending is unsustainable.[5] Further, consumers reach their annual deductible and out-of-pocket maximum requirements more quickly, and without the ability to spread such costs over the course of the year.

To help keep expenses manageable for employers and enrollees, insurers contract with specialty pharmacies to expediently provide complex specialty drugs through more-affordable white bagging initiatives. Through such partnerships with specialty pharmacies, which deliver medications overnight or same-day to meet member need, plans are able to offer customers more affordable premiums, copayments, and deductibles. These savings are achieved without any impact on quality or safety. As Utilization Review Accreditation Commission ("URAC")-accredited and federal Drug Supply Chain Security Act-compliant pharmacies, partners work closely with manufacturers to determine the most effective method of shipping specialty medications and provide outreach to hospitals to coordinate delivery. Additionally, pharmacist are available 24 hours a day, seven days per week to address member and provider questions.

Significantly, if a facility or provider agrees to the same reimbursement terms as the pharmacy, they may continue acquiring specialty medications directly from their own suppliers.

Unfortunately, this bill would require notification to providers 90 days' notice in advance of a white bagging program being implemented – unnecessarily delaying utilization of such cost-containing measures – and mandate reimbursement for the intake, storage and disposal of medications – costs that providers and facilities would incur regardless of the source of a complex specialty drug. As a result, benefits to enrollees and employers would be reduced and delayed.

For the foregoing reasons, the Blue Cross and Blue Shield Plans urge that this bill not be enacted.

Respectfully submitted,

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3 America's Health Insurance Plans, *High-Priced Drugs.*

4 *Id.*

5 National Alliance of Healthcare Purchaser Coalition, *2020 Employer Roundtables on Drug Management* (January 8, 2020), *available at* https://higherlogicdownload.s3.amazonaws.com/NAHPC/3d988744-80e1-414b-8881-aa2c98621788/UploadedImages/2020_Employer_Roundtables_on_Drug_Management_FINAL_REPORT.pdf.

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