

February 8, 2023

Sen. Judy Lee, Chair  
Human Services Committee  
North Dakota Senate

**Re: SB 2378**

Chair Lee and members of the Senate Human Services Committee:

Thank you for the opportunity to comment on SB 2378. I represent Prime Therapeutics, a pharmacy benefit manager (PBM) owned by 19 not-for-profit Blue Cross and Blue Shield health insurers, including Blue Cross Blue Shield of North Dakota. SB 2378 would substantially increase health care costs for North Dakotans without providing any additional benefit. For that reason and those below, we oppose this bill and request the Committee recommend a Do Not Pass.

Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs, including Medicare and Medicaid. We manage pharmacy claims and provide clinical services that help people with complex medical conditions access the drug therapies they need at the best possible price. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs.

“White bagging” is the practice of an in-network specialty pharmacy dispensing and distributing a clinician-administered medication to the patient’s health care provider for administration. The health plan reimburses the specialty pharmacy for the medication and reimburses the provider for the administration of the drug. Another practice, “Buy and bill” is when a health care provider purchases the product from a supplier and bills the health plan sponsor for dispensing the drug and for administering the drug, frequently resulting in double the cost over specialty pharmacy dispensing.<sup>1</sup>

White bagging is a way for payers to get patients the treatment they need, when they need it, at a substantially lower price. The scope of drugs potentially subject to white bagging is relatively narrow, but the cost of these specialty drugs is incredibly high and growing rapidly each year. In 2021, 55% of drug expenditures were for specialty medications, which represent 3% of defined daily doses.<sup>2</sup> Despite claims to the contrary by some hospital industry advocates, white bagging has an excellent patient safety track record. According to URAC, one of the main accrediting bodies of specialty pharmacies, 99.8% of prescriptions are accurately dispensed, and 99.7% accurately distributed.<sup>3</sup> While the cost of banning or restricting white bagging is hard to quantify, a fiscal note attached to a white bagging restriction bill in Missouri in 2022 estimated that such a bill would cost the Missouri Consolidated Health Care Plan, and thus taxpayers, \$18 million in additional prescription drug expenses.<sup>4</sup> That cost would have been for the same drug therapies already being administered, nothing additional other than the dollars paid.

Notably, this bill takes aim at not just clinician-administered drugs and white bagging, but rather alternative models of delivery and treatment. The drug supply chain is constantly innovating to lower

<sup>1</sup> [HOSPITAL PRICE HIKES: Markups for Drugs Cost Patients Thousands of Dollars](#) – AHIP, Accessed November 22, 2022

<sup>2</sup> [THE USE OF MEDICINES IN THE U.S. 2022](#) – IQVIA, Accessed November 22, 2022

<sup>3</sup> [2021 SPECIALTY PHARMACY PERFORMANCE MEASUREMENT](#) – URAC, Accessed November 22, 2022

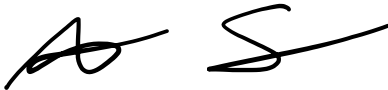
<sup>4</sup> [COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION, Fiscal Note: HB 2305](#) (2022), Accessed November 22, 2022

the cost of drugs and leveraging competition to make health care more affordable. A notable example is integrated dispensing networks where hospitals and payers negotiate a fair rate of reimbursement for physician-administered drugs. This allows providers to maintain control of their drug supply chain while providing savings to payers over traditional buy and bill methods. That is one “channel management” method payers use in addition to white bagging. However, increased state restrictions on cost savings tools reduce competition and incentives for participation in innovative payment models that provide benefits to all stakeholders.

Passing SB 2378 would handcuff North Dakota health plans to an expensive benefit design mandate that would ultimately drive up the cost of health care for all North Dakotans. The alternative to passing this bill is not a white bagging mandate – it is allowing North Dakota health plans to retain white bagging as one tool to fight against one of the fastest growing cost centers in health care, specialty drugs. Our job is to make sure patients get the medications they need to feel better and live well, which means the right medication at the right time and place and for the best possible price. Removing white bagging as an option would ensure North Dakotans only have access to the treatment they need at a price best for the hospital.

Thank you for your consideration of my testimony and I urge the Committee to recommend this bill as Do Not Pass. Please contact me if you have any questions regarding this written testimony or my oral testimony.

Sincerely,

A handwritten signature in black ink, appearing to read 'AS', written in a cursive style.

Alex Sommer, J.D.  
Prime Therapeutics

<sup>1</sup> [HOSPITAL PRICE HIKES: Markups for Drugs Cost Patients Thousands of Dollars](#) – AHIP, Accessed November 22, 2022

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