Wolf, Sheldon

From: Megan Houn <Megan.Houn@bcbsnd.com>
Sent: Thursday, February 16, 2023 9:14 AM
To: NDLA, S HMS
Subject: FW: 2378

Thank you!

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From: Megan Houn
Sent: Wednesday, February 8, 2023 9:46 AM
To: Lee, Judy E. <jlee@ndlegis.gov>; scleary@ndlegis.gov; dclemens@nd.gov; Hogan, Kathy L. <khogan@ndlegis.gov>; Roers, Kristin <kroers@ndlegis.gov>; kweston@ndlegis.gov
Subject: 2378

Good Morning, Senate Human Services Committee,

I wanted to share with you (below) a few studies that have been done on anti-white bagging legislation. The end result in all cases is higher costs. While we can appreciate the patient safety components, frankly, this is an anti-choice bill that leaves BCBSND members with only one option… their local pharmacist and higher costs. We have to get out of the habit of protectionism around our local pharmacies.

BCBSND supports and partners consistently with our local pharmacy friends because our members want to receive their care with their local pharmacists. BCBSND does not on any plan, force mail order. Our members always have an option on care. We would like them also to have an option on cost given that over 26 cents of every dollar BCBSND spends is on pharmacy costs.

Please don't hesitate if you have any questions.

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BOLDER SHADE OF BLUE

Why Address the Cost of Clinician-Administered Drugs?
Clinician-administered drugs are a leading contributor to drug spending growth. **Clinician-administered drugs have high prices, which are then subject to even further, significant markups above hospitals' acquisition costs.** These markups are well-documented, including in several studies released this year:

• Bernstein (2021): This analysis found that some hospitals mark up prices on more than two dozen medicines by **an average of 250%**. For example, hospitals charged more than **five times the purchase price** for Epogen, which is used to treat anemia caused by chronic kidney disease for patients on dialysis, and **4.6 times the price** for Remicade, a drug that treats a range of autoimmune conditions. According to the analysis, administering treatments to commercially insured patients is **20 times more profitable** than administering the same drugs to Medicare patients. The analysis also showed hospitals have been slow to begin using biosimilars, which are nearly identical to brand-name biologic treatments and produce the same health outcome, but at a much lower cost. https://www.statnews.com/pharmalot/2021/01/20/hospitals-biosimilars-drug-prices/

• 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. https://www.healthaffairs.org/doi/10.1377/hlthaff.2021.00211

• 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. https://jamanetwork.com/journals/jamainternalmedicine/article-abstract/2785833

• 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. https://www.axios.com/2019/02/15/hospital-charges-outpatient-drug-prices-markups

• 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**. https://www.themorancompany.com/wp-content/uploads/2018/09/Hospital-Charges-Reimbursement-for-Medicines-August-2018.pdf

These markups on the price of the drug are **in addition to** the amounts hospitals separately bill insurers for the professional services required to administer the drugs.

Patients, families, and employers all bear these unreasonable and growing costs through higher health insurance premiums and out-of-pocket costs. It is imperative that health insurance providers be allowed to help encourage the administration of these drugs in lower cost, more convenient settings when it is safe and clinically appropriate to do so.