



Date: February 8, 2023

To: Members of the Senate Human Services Committee

From: Michelle Mack, Senior Director, State Affairs for the Pharmaceutical Care Management Association (PCMA)

RE: Senate Bill 2378
White Bagging/Clinician-Administered Drugs and Anti-Mail
Opposition

Good Afternoon Chair Lee and members of the Human Services Committee. My name is Michelle Mack, and I am a Senior Director, State Affairs at the Pharmaceutical Care Management Association (a/k/a "PCMA"). PCMA is the national trade association representing America's pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 275 million Americans with health coverage provided through employers, health insurance plans, labor unions, Medicaid, Medicare, Federal Employees Health Benefit Programs, and other public programs.

Thank you for the opportunity to provide testimony to SB 2378, a bill which would prohibit plans from the specialty drug delivery practice known as white bagging as well as prohibit preferred pharmacy networks and mandating plan design for health plans and employers in North Dakota. PCMA respectfully opposes SB 2378.

PBMs and their health plan and employer clients use specialty pharmacies to deliver high quality, accessible pharmacy services while promoting product affordability. Flexibility to continue contracting with these select pharmacies is the key to ensuring access and promoting affordability in North Dakota. When an employer or health plan decides to contract with a PBM to administer their pharmacy benefit, they maintain authority over the terms and benefit plan design, including how drugs should be obtained by or delivered to beneficiaries. The employer or plan— not the PBM—makes decisions regarding cost-sharing requirements, formularies, and networks (which this legislation creates havoc on), including the use of mail delivery of a drug to a patient or provider.

While the vast majority of shipped prescriptions do not require special handling or packaging, for those that do, mail-service pharmacies use U.S. Pharmacopeia guidelines to determine handling needs and leverage proprietary software to map out the ideal packaging journey, which accounts for the acceptable temperature range, forecasted weather conditions, and destination temperatures. Proprietary software is used to map out a delivery path for those prescriptions that

must stay within a specific temperature range. Such software accounts for the acceptable temperature range for each prescription, forecasted weather conditions, and destination temperatures. Based on this information, the appropriate shipping time frame and packaging are determined specific to that prescription. For example, a mail-service pharmacy may package prescription drugs in temperature-protective coolers with gel packs to ensure that the prescriptions stay within a safe temperature range — even accounting for if the package is sitting outside for hours after delivery.

Specialty prescription drugs, including injectable drugs with special handling requirements, are usually shipped through commercial mail and shipping carriers, such as UPS and Federal Express. Specialty drugs requiring refrigeration are typically shipped for overnight delivery, often through common carriers other than the United States Postal Service.

The safety and efficacy of mailed prescriptions is of utmost importance and is well reflected in the level of precision and planning undertaken by mail-service pharmacies in the mailing of prescription drugs, including those with special handling requirements. The precision also reflects the needs and preferences of consumers not only for safe, high-quality products, but also to know when their prescription will be shipped and received¹. For example, as required by CMS, Medicare Part D plan sponsors require their network mail-service pharmacies to provide enrollees an approximate shipping date range, of within two-to-three days, prior to delivery.² Mail-service pharmacies offer enhanced safeguards for safety and accuracy. Before shipping a prescription to a patient's home, mail-service pharmacies' staff pharmacists electronically review the patient's medications to detect adverse drug reactions, especially any potentially harmful drug-to-drug interactions — even when the patient uses several pharmacies. This information may not be available to a patient's physician without an interoperable health record system.

Specialty pharmacies and mail delivery are tools used in pharmacy networks because they ensure high-quality drug delivery service, avoid waste, and ensure appropriate use of the medications. In limiting the choice to allow white bagging, this bill is likely to substantially increase costs for both North Dakota consumers, health plans and employers.

This bill will also prohibit employers and health plans from designing an employee benefit plan that relies on preferred pharmacy networks to increase pharmacy quality and access and reduce costs to consumers. We appreciate the idea of patient choice, but we cannot ignore the cost to both health plans and more importantly patients. A recent North Dakota State University report indicated that “in 2019 North Dakotans spent nearly \$1.5 billion on prescription drugs...[which] ranks amongst the highest per capita expenditures in the country”³.

In addition, our research shows that in the first year alone, restricting white bagging and the use of preferred pharmacy networks and mail-order pharmacies will cost North Dakotans \$50 million in excess drug spending and \$600 million over the next 10 years. We all want to do something about the high cost of prescription drugs, the question we have is why would you add more

¹ CMS, “Clarifications to the 2014 Policy on Automatic Delivery of Prescriptions” (December 12, 2013).

² Op. cit, CMS (December 12, 2013).

³ March, Raymond J. “Pharmaceutical Price Controls Destroy Innovation and Harm Patients”. Challey Institute for Global Innovation and Growth at North Dakota State University. (December 2022).

restrictions or mandates that would increase costs to the already high prescription drug prices for the residents of North Dakota?

It is for these reasons we respectfully request that you reject SB 2378.

Thank you. I appreciate the Committee's time and attention to our concerns and am available for questions.