



Mid-Atlantic Permanente Medical Group, P.C.  
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc  
2101 East Jefferson Street  
Rockville, Maryland 20852

March 4, 2020

The Honorable Delores G. Kelley  
Senate Finance Committee  
3 East, Miller Senate Office Building  
11 Bladen Street  
Annapolis, Maryland 21401

RE: SB 931 – Oppose

Dear Chair Kelley and Members of the Committee:

Kaiser Permanente respectfully opposes SB 931, Maryland Medical Assistance Program and Health Insurance – Specialty Drugs – Definition.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.<sup>1</sup> Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 755,000 members. In Maryland, we deliver care to over 430,000 members.

This bill proposes to exclude drugs used to treat diabetes, HIV, or AIDS from the definition of a specialty drug.

Specialty drugs account for one of the fast growing segments of health care spending in the United States, where they make up 37.4% of all pharmacy costs even though they represent only 1.9% of prescriptions.<sup>2</sup> When managing such expensive products, proper monitoring and management is critical to ensure the patient receives optimal cost-effect therapeutic outcomes.

Section 15-847(a)(5)(I)(iv) of the Insurance Article identifies a specialty drug as requiring a difficult or unusual process of delivery to the patient in the preparation, handling, storage, inventory or distribution of the drug or requires enhanced patient education, management, or support, beyond those required for traditional dispensing, before or after administration of the drug. At KP, medications that meet these parameters are better managed within our integrated health care system, and our pharmacists can deploy tools that strengthen the quality of care our patients receive. Frequent laboratory monitoring, comprehensive patient education, data

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<sup>1</sup> Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation's largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente's members.

<sup>2</sup> Medicine Use and Spending in the US, IQVIA Institute, 2018.

collection, therapy protocol execution, self-injection training, correspondence with drug manufacturers, navigating patient financial assistance programs and special handling or storage considerations increase the amount of dedicated expertise and financial resources necessary to appropriately manage patients on specialty medications.

It is important to note that many specialty pharmacies must achieve varying levels of accreditation in order to procure certain medications. These accrediting bodies will only award the credential to specialty pharmacies that can clearly demonstrate and document their ability to provide proactive and expert clinical case management, as well as associated clinical care metrics of all classified specialty pharmaceuticals, to ensure positive patient care outcomes.

Additionally, carving out specific chronic conditions increases the potential to dissipate care and, in turn, increase overall costs to the health care system. When costs to the system go up, eventually, patients experience price increases in other areas of their health care expenditures. Increasing costs may also be borne by employer groups through more costly premiums. As the health care landscape continues to shift towards improving value, proactive and expert management of specialty medications are part of a crucial strategy to contain rapidly rising costs.

For these reasons, Kaiser Permanente requests an unfavorable Committee report.

Thank you for the opportunity to comment. Please feel free to contact Wayne Wilson at [Wayne.D.Wilson@kp.org](mailto:Wayne.D.Wilson@kp.org) or (301) 816-5991 with questions.

Sincerely,

Wayne D. Wilson  
Vice President, Government Programs and External Relations  
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.