

February 2023

**HDA Support of SB 398
Reimbursement and Use of Specific Pharmacies and Dispensaries – Prohibitions**

To whom it may concern:

On behalf of the Healthcare Distribution Alliance (HDA), representing the nation's primary healthcare distributors, I am writing to encourage your support of SB 398, legislation that is attempting to control the practice of "white bagging", a practice which disrupts patient care and is increasingly being required by insurers and pharmacy benefit managers (PBMs).

HDA's distributor members serve as the critical logistics provider within the healthcare supply chain, who keep the healthcare supply chain functioning efficiently and securely every day. HDA members work 24 hours a day, 365 days a year to ensure approximately 10 million healthcare products per day, including specialty drugs, are safely delivered to more than 180,000 providers across the country.

As referenced above, the practice of "white bagging" is an arrangement between insurance companies and designated specialty pharmacies that they contract with, or own themselves, to ship physician-administered medications directly to sites of care (i.e., hospitals, clinics, doctors' offices) after they have been prescribed by the attending physician. Most U.S. hospitals and physician offices maintain inventories of medications their patients need which can be immediately available when the patient arrives for treatment based on that patient's real-time needs. When a patient's insurance provider interjects and stipulates the drug prescribed by their attending physician and available at the site of care must instead be dispensed and shipped from an off-site specialty pharmacy, this practice has the potential to delay access to treatments.

While delaying treatment is burdensome on the patient as well as the physician providing care, white bagging practices introduce additional concerns as well. Such concerns include ensuring the proper storage and handling of these products which in turn may increase provider liability. The creation of increased drug waste due to the product being specified for a specific beneficiary. Most notably for many patients, the process of "white bagging" may increase costs to the patient as well due to treatment typically being switched from a patient's medical benefit to his/her pharmacy benefit which often includes higher cost-sharing responsibilities.

Complex drug therapies for rare diseases require timely access and enhanced physician oversight of storage, dosing, and administration. Patients trust their doctors to care for them. A sensible policy

like this one which supports physicians delivering timely access and safe administration of medically necessary drugs should be supported. Please contact me at kmemphis@hda.org with any questions.

Thank you,

A handwritten signature in blue ink that reads "Kelly Memphis".

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance