



Healthcare Distribution Alliance

HEALTH DELIVERED

February 14, 2024

Senator Pamela Beidle, Chair
Senator Katherine Klausmeier, Vice Chair
Maryland Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Re: Healthcare Distribution Alliance (HDA) Statement of Support for SB 526

Dear Chair Beidle, Vice Chair Klausmeier, and Honorable Members of the Committee:

On behalf of the Healthcare Distribution Alliance (HDA), representing the nation's primary healthcare distributors, I am writing to express our support of SB 2086. If successfully enacted, this legislation would limit the ability of certain entities (Payers/PBMs) to create restrictions on access to physician-administered drugs, a practice known as "white bagging", which has the potential to disrupt patient care.

HDA's distributor members serve as the critical logistics provider within the healthcare supply chain, adding efficiency, security and keeping the healthcare system functioning 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 and securely delivered to more than 180,000 providers across the country. In Maryland, our members serve 4,600 points of care.

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. HDA supports and encourages policies that prevent physicians from delivering timely access and safe administration of medically necessary drugs should be opposed. If you have any questions, please contact me at kmemphis@hda.org

Thank you,

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance