



Healthcare Distribution Alliance

HEALTH DELIVERED

February 29, 2024

Delegate Joseline A. Pena-Melnyk, Chair
Delegate Bonnie Cullison, Vice Chair
Maryland House Health and Government Operations Committee
Room 241 House Office Building
Annapolis, Maryland 21401

Re: Healthcare Distribution Alliance (HDA) Statement of Support for HB 1368

Dear Chair Pena-Melnyk and Members of the Committee,

On behalf of the Healthcare Distribution Alliance (HDA), representing the nation's primary healthcare distributors, I am writing to **ask the committee's support of HB 1368**. If successfully enacted, this legislation would limit the ability of certain entities (Payers) to create restrictions relating to insurance coverage for and access to physician-administered drugs, most notably, the growing practice of "white bagging" which has the potential to disrupt 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, 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 over 4,600 such sites 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. **HDA respectfully asks the committee to advance HB 1368.** If you have any questions, please contact me at kmemphis@hda.org

Thank you,

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

Kelly Memphis
Director, State Government Affairs
Healthcare Distribution Alliance