ARAPC Testimony 2025 - Support with Amendment - Se

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ARTHRITIS AND RHEUMATISM ASSOCIATES, P.C.

SUBJECT: Senate Bill 975 - Health Insurance – Coverage for Specialty Drugs
COMMITTEE: Senate Finance Committee
The Honorable Pam Beidle, Chair
DATE: Wednesday, February 26, 2025
POSITION: FAVORABLE with AMENDMENT

Arthritis and Rheumatism Associates, P.C. is dedicated to the diagnosis and treatment of persons with disorders of the joints, muscles, tendons, and other connective tissue. Our practice integrates excellent medical care with comprehensive services including dispensing specialty drugs. We maintain a full-service laboratory, x-ray facilities, a physical therapy division, seven centers for the diagnosis and treatment of osteoporosis and seven infusion centers.

Senate Bill 975 *"prohibits certain insurers, nonprofit health service plans, and health maintenance organizations from excluding coverage for certain specialty drugs that are administered or dispensed by a provider that is an in-network provider of covered medical oncology services, complies with State regulations for the administering and dispensing of specialty drugs, and the specialty drug meets certain qualifications; and requiring the reimbursement rate for certain specialty drugs to meet certain criteria."*

Specifically, the bill is aimed to ensure patient access to prescription medical oncology drugs through the physician dispenser or pharmacy of their choice. This is an important measure to take to provide for continuity and efficient care and treatment. Maryland licensed physicians are allowed to personally dispense prescription drugs. A physician may dispense Medicare-covered prescription or nonprescription drugs where he or she is authorized by the State to dispense such drugs as part of his or her physician's license.

Commercial payers have implemented policies that prevent and or limit physician dispensing of drugs, and specialty drugs in particular to their patients. These limitations of a physician's ability to dispense prescriptions to their patients is a detriment to patient care.

While Senate Bill 975 will strengthen patient care by adding provisions that emphasize the importance of patient choice, it is limited in scope to medical oncology drugs. We have been advocating for broader expansion and ideally elimination of the anti-steering exclusion for specialty drugs. Despite efforts over many years, the insurers remain resolute in their opposition to allowing patient choice of pharmacy or dispenser when it is medically necessary and a life preserving component of their ongoing treatment.

While a limited approach, like this bill is taking, is a good first step, it allows for insurers to continue to assert their control over the physician patient relationship and the care plan developed. For this reason, we propose the following amendments in keeping with the limited approach. The amendments would automatically expand the statute to include rheumatology after 1 year from the date of implementation of Senate Bill 975. The amendments are as follows:

Amendment #1:

Page 4 after line 9 **INSERT** a new subsection

§ 15-847.3

(A) AFTER THE EXPIRATION OF ONE YEAR FROM THE ENACTMENT OF SECTION 15-847.2 THIS SECTION SHALL TAKE EFFECT JANUARY 1, 2027:

(1) §15-847.2 (C)(1) SHALL INCLUDE RHEUMATOLOGIC CONDITIONS IN ACCORDANCE WITH §12-102 OF THE HEALTH OCCUPATIONS ARTICLE, AND

(2) THE COVERED SPECIALTY DRUGS DISPENSED FOR THE TREATMENT OF RHEUMATOLOGIC CONDITIONS ARE INFUSED, AUTO-INJECTED, OR AN ORAL TARGETED IMMUNE MODULATOR.

Amendment 2:

On page 5 after line 9 **INSERT** the following new Section 4:

SECTION 4. AND BE IT FURTHER ENACTED, THAT § 15-847.3 OF THIS ACT SHALL TAKE EFFECT JANUARY 1, 2027.

Senate Bill 975 will increase treatment plan adherence, reduce potential waste, and minimize delays-improving overall clinical outcomes.

For these reasons we ask for a favorable report on Senate Bill 975 with the amendment.

For More Information Contact: Barbara Brocato and Dan Shattuck
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MPCAC Letter of Support for SB 975 - Specialty Dru
Uploaded by: Joe Bryce
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MPCAC

MARYLAND PATIENT CARE AND ACCESS COALITION

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February 24, 2025

VIA ELECTRONIC DELIVERY
Senator Pamela Beidle, *Chair*
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Re: SB 975—Health Insurance—Coverage for Specialty Drugs

Dear Chairwoman Beidle:

We are writing to you on behalf of the Maryland Patient Care and Access Coalition ("MPCAC") to express our support for SB 975 and suggest an amendment to broaden its scope, upon which our support is not conditioned.

MPCAC strongly believes that health insurers, health plans, HMOs, and pharmacy benefit managers (collectively, "Health Insurers") should not force patients to seek specialty drugs from specific specialty pharmacies when they can be dispensed by physicians because from a clinical management perspective, delivery of medications under the direct supervision of and/or in close coordination with the care team enables physician practices to enhance patient care in a variety of ways, including by allowing physicians to routinely assess patient comprehension and compliance as well as evaluate drug tolerability and side effects in real-time to adjust doses as needed. This contrasts starkly with a specialty pharmacy model where, by necessity, the patient is handed a prescription and must fill it on their own. In that circumstance, it can be quite challenging for providers to know whether the patient fills the prescription and, if filled, whether they are taking it as prescribed or at all. As many of the patients who require specialty drugs are often elderly patients on multiple prescription medications, complex coordination is often necessary to optimize clinical outcomes and to ensure the adequate management of their other conditions.

SB 975 would enhance patient care by preventing Health insurers from forcing patients seeking certain specialty drugs to go through a cumbersome process rather than to the physician in charge of their care. **Therefore, MPCAC proudly supports SB 975 and stands ready to serve as an ongoing resource to the Senate Finance Committee its efforts to address dispensing of specialty drugs by physicians. Although our support is not conditioned on any changes to the current version of SB 975, we also hope for an amendment to expand its scope to benefit the patients of all in-network physicians who dispense specialty drugs.**

The Maryland Patient Care and Access Coalition

For over 20 years, MPCAC has been the voice of independent physician practices in the State that deliver integrated, high-quality, and cost-efficient care to patients in the medical office and

freestanding ambulatory surgical facility ("FASF") settings. With hundreds of physicians in the fields of gastroenterology, orthopedic surgery, urology, pathology, medical oncology, radiation oncology, and anesthesiology, MPCAC's member medical practices cared for Marylanders in nearly two million patient visits during the past year. In addition, the physicians in MPCAC's member practices perform approximately 200,000 procedures in FASFs and endoscopy centers annually.

SB 975 —Specialty Drug Dispensing By Physicians

SB 975 would maintain and possibly enhance Maryland patients' ability to access certain specialty drugs, by allowing physicians to dispense them directly to their patients. The bill stops Health Insurers from forcing patients to obtain specialty drugs from specific specialty pharmacies when the drugs can be obtained at a physician's office.

Under Maryland law, specialty drugs are defined as those prescription drugs that are not stocked by retail pharmacies and (a) are prescribed for complex or chronic medical conditions or rare medical conditions; (b) cost $600 or more for up to a 30-day supply; and (c) (i) require "difficult or unusual processes of delivery to the patient in the preparation, handling, storage, inventory, or distribution of the drug," or (ii) require "enhanced patient education, management, or support, beyond those required for traditional dispensing, before or after administration of the drug."[1]

Because these drugs are not readily available at local retail pharmacies, if physicians cannot dispense specialty drugs in their offices, patients need to:

- First, wait for the prescription to be submitted electronically to the Health Insurer's chosen specialty pharmacy;
- Second, wait for the prescription to be processed by the specialty pharmacy; and
- Third, likely wait for the specialty pharmacy to mail the specialty drug to them.

This process can take several days, which unnecessarily delays patient care.

SB 975 impacts a specific segment of specialty drugs by in-network provider of covered medical oncology services and only includes those specialty drugs that are (y) injected or infused or (z) oral drugs that (1) are immunomodulators or anticancer drugs; (2) have a dosage dependent on the clinical presentation at the time dispensed; or (3) are prescribed concomitantly with an outpatient treatment. Oncology patients would clearly benefit from the current version of SB 975.

While this would be a positive step, MPCAC supports broadening the bill to help patients and physicians in other specialties. By amending this bill to include language similar to the original language from SB 526 in 2024 to allow dispensing by "a physician under §12-102 of the Health Occupations Article" rather than the current language that applies to "an in-network provider of covered medical oncology services," the legislature would help Maryland patients suffering from

[1] MD Ins. Code § 15-847.

numerous non-oncology conditions timely obtain their medication from the physicians who are actively treating them.

We understand that Health Insurers have argued in the past that allowing physician dispensing creates logistical issues on processing claims. However, Health Insurers have been processing physician dispensing all along. For example, infusions and injections that are not usually self administered are processed through the medical benefit routinely. This bill does not change the status quo.

Additionally, there are studies showing higher cost savings and cost avoidance when specialty medications are managed through medically-integrated dispensing (e.g., physician dispensing or hospital pharmacy dispensing) instead of through non-integrated specialty pharmacies—especially in the oncology space.[2]

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We encourage an amendment to expand the scope of SB 975 to protect or potentially enhance access of all Marylanders who are suffering from chronic or rare conditions to the specialty drugs that they need in a more timely, efficient, and economical manner. But our support is not conditioned on an amendment because, as written, the bill takes a step in the right direction for Maryland's oncology patients. MPCAC looks forward to continuing to serve as a trusted partner to members of the General Assembly as we work together to confront the challenges and opportunities facing our health care system and to promote and protect high quality, cost-efficient, and convenient care furnished in the independent medical practice setting.

Sincerely,

Nicholas P. Grosso, M.D.
Chairman of the Board & President, MPCAC

Mara Holton, M.D.
Chair, Health Policy, MPCAC

cc: All Other Senate Finance Committee Members
Joseph C. Bryce, Esq., Manis Canning & Associate

[2] *Cancer drug waste reduced with use of doctors' office pharmacies*, PRIME THERAPEUTICS, (Apr. 5, 2023), https://web.archive.org/web/20240807150804/https://www.primetherapeutics.com/news/cancer-drug-waste-reduced-with-use-of-doctors-office-pharmacies, (last accessed Feb. 20, 2025).

AHIP Comments_MD SB 975 White Bagging_2.24.25.pdf
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February 24, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Re: SB 975, Provider-Administered Oncology Drugs

Dear Chair Beidle:

On behalf of AHIP, thank you for the opportunity to comment on Senate Bill 975. While we recognize and appreciate that this bill is limited in scope, applying only to oncology drugs and requiring the provider to be in-network, it does not address the fundamental issue of provider-driven cost increases.

Provider mark-ups on provider-administered drugs are compounding the problem of high drug prices. High drug costs are especially problematic with provider-administered drugs, where the problem of high manufacturer prices is compounded by exorbitant mark-ups by hospitals and physician' offices. An AHIP study[1] analyzed the cost of ten drugs that are commonly and safely delivered through a specialty pharmacy for provider administration. For these 10 drugs, the study found:

- The markup by hospitals ranged from **$2,795 to $22,079** per treatment over the specialty pharmacy's costs – markups from physician offices ranged from $277 to $4,937.
- On average, hospitals charged **double the price** (118% more) for the same drugs, compared to specialty pharmacies. Physician offices charged an average of 23% more than specialty pharmacies.

Numerous studies[2] have validated AHIP's findings that hospitals and physician offices charge much more than both the Medicare reimbursement and the specialty pharmacy price for the exact same drug. These charges are in addition to what hospitals and physicians are paid to administer the drug to the patient.

SB 975 sets reimbursement at a rate "agreed to by the covered, in-network provider," which does not prevent providers from demanding higher reimbursement rates at nonhospital locations. In an ideal framework, reimbursement would be tied to the health plan's contracted specialty pharmacy to prevent inflated mark-ups. Additionally, this bill does not account for what happens if the provider and insurer fail to agree on a reimbursement rate, raising concerns about continued excessive charges.

AHIP Recommendation. AHIP respectfully urges an unfavorable report on SB 975 in its current form as it restricts health plans' ability to hold down drug costs for patients and purchasers of health care and provides free rein to providers and hospitals to protect their current practice of marking-up the price of drugs administered to patients in their offices.

AHIP stands ready to work together with state policymakers to ensure every patient has access to the high quality, affordable drugs that they need.

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[1] Markups for Drugs Cost Patients Thousands of Dollars. AHIP. April 2023.
[2] How much? Hospitals mark up some medicines by 250% on average. STAT News. January 2021.
Hospitals are making a lot of money on outpatient drugs. Axios. February 2019.
Hospital Charges and Reimbursement for Medicines. The Moran Company. September 2018.
Payer-Specific Negotiated Prices for Prescription Drugs at Top-Performing US Hospitals. Jama Internal Medicine. November 2021.

Sincerely,

Keith Lake
Regional Director, State Affairs
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AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.