



Healthcare Distribution Alliance

PATIENTS MOVE US.

March 7, 2022

Chairman Paul J. Utke
3403 Minnesota Senate Bldg.
St. Paul, MN 55155

Re: Healthcare Distribution Alliance (HDA) Statement on SF 3265 White Bagging

Dear Senator Utke and members of the committee,

On behalf of the Healthcare Distribution Alliance (HDA), representing the nation's primary healthcare distributors, I am writing to urge your support of SF 3265. 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.

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. Any 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 tbutchello@hda.org.

Thank you,

Travis Butchello
Director, State Government Affairs
Healthcare Distribution Alliance

CC:

Vice Chair Draheim
Ranking Member Wiklund
Senator Abeler
Senator Benson
Senator Eaton
Senator Klein
Senator Koran
Senator Nelson