

March 13, 2023
Cigna Group
6625 W 78th Street
55439 Edina
USA

TO: Chair Klein and Members of the Senate Commerce Committee
RE: SF482

Chair Klein and Members of the Senate Commerce Committee,

The Cigna Group is a global health services company dedicated to improving the health, well-being and peace of mind of those they serve. Cigna delivers choice, predictability, affordability and access to quality care through integrated capabilities that advance whole person health.

We respectfully oppose SF482 as it is currently drafted. While not an exhaustive list of our issues with the bill language, I would like to highlight two primary concerns: the inevitable and significant cost increase of medical benefits as well as a lack of patient safety protocols. As both a health insurer and a pharmacy benefit manager with specialty pharmacies, Cigna can bring a unique perspective to the conversation.

Cost-Containment

Networks are one way an insurer can help contain the ever increasing cost of healthcare on behalf of their policyholders. All plans issued in this state are filed and certified by the Minnesota Department of Commerce. Subd. 3 of the bill takes away our ability to establish a network in which we negotiate reimbursement rates with providers and pharmacies. This will undoubtedly add costs to payers. The language in Subd. 2 prohibits coverage under a pharmacy benefit and mandates it to the medical benefit. PBMs contract with pharmacies while health insurers contract with providers. It is unclear in the language of Subd. 2 and Subd. 3 how pharmacies would be reimbursed under this bill.

Clinician-administered, aka white bagged, drugs are a tool utilized by health plans and clients that leverages specialty pharmacies to safely distribute certain drugs to help improve affordability. Although the language would seem to increase access to these specialty drugs, it does not. Not only does it not increase access in any meaningful way, it does not allow for the plan or PBM to manage overall costs, which is critical in the specialty drug space. Failing to control costs will negatively impact the cost of patients' care and, therefore, actually reduce access (Subd. 3).

It should be noted that specialty medications are the largest and fastest-growing segment of the U.S. pharmacy market.¹ And while only four percent of Americans use specialty drugs, they account for 65% of total drug spend and 19% of total health care spend.² As the costs of these drugs rise, it will continue to make it more difficult for patients to afford care. This bill would limit health plans' ability to leverage innovative solutions like white bagging that make prescription drugs more affordable while protecting patient safety and improving care.

Provider-administered infusions and injections that are included in Cigna's white bagging policies cost an average of nearly \$509,000 per patient per year in hospital outpatient facilities according to Cigna's internal data. Our white bagging policies cut those costs by nearly \$253,000 per patient per year while allowing patients to continue care with their same provider and maintaining our high standards for affordable, quality care.

¹ Anderson, Leigh Ann. Specialty Pharmacy and Medicines: A One-to-One Approach. Drugs.com. 7, May, 2021

² Cigna National Trend Report, 2022

Patient Safety

The advocates for this bill often talk about patient safety. We, too, want to ensure patients receive their drug safely. Unfortunately, the only reference to safety in this bill is on lines 2.31-3.2 and it simply reiterates the federal supply chain standards that specialty pharmacies already comply with. In addition, specialty pharmacies are accredited by URAC, The Joint Commission, or another nationally recognized accrediting organization. In lieu of the current language, I would suggest language to ensure any provider or pharmacy handling these high-cost, high-touch drugs is also accredited by a nationally recognized organization to do so.

In no way do we want to contribute to medical waste in the health care system; it is neither safe nor cost effective. Our specialty pharmacies have several proprietary practices to ensure patient safety and medication integrity specifically related to shipping medications. Additionally, specialty pharmacies have robust policies in place to conduct a complete medication and medical profile review and provide comprehensive therapy management for patients. This process is designed to limit potential adverse reactions and improve patient adherence and outcomes. We would suggest the author consider further language around shipment tracking details and authorized signatures for delivery, confirmation by the provider and member of date/time/location of delivery, etc. These would provide further safety measures and include the planning and preparation guardrails of the medication for distribution.

Summary

- AHIP conducted an analysis of 10 of the top drugs by spending in Medicare Part B that are also commonly delivered through specialty pharmacies. They found that hospitals, on average, charged double what specialty pharmacies charge for the same drug. For a single treatment, hospitals charged an average of \$7,000 more than the specialty pharmacy would charge.³
- An April 2022 report in JAMA reveals that National Cancer Institute-designated cancer hospitals markup the top 25 cancer therapies anywhere from 120% to 630% from their estimated acquisition costs (based on their own publicly-reported transparency data of prices they charge to private insurers).⁴
- A 2021 analysis of hospital price transparency disclosures required under federal law found that hospitals markup drug prices by 250% on average. The analysis found that hospitals mark up some drugs, such as Epogen, an anemia treatment, by as much as 533% compared to the average sales price (ASP). Remicade, a rheumatoid arthritis drug, was marked up 464% on average, and Neulesta, a drug given to chemotherapy patients, was marked up by 364% on average.⁵
- A 2018 report by The Moran Company for PhRMA found that that, on average, hospitals charge 479% of their cost for hospital-administered drugs nationwide. The report found that 83% of hospitals charge patients and insurers more than double their acquisition cost for medicine, marking-up the medicines 200% or more while the majority of hospitals (53%) markup medicines between 200-400%, on average. One in six charge seven times the acquisition price and one in 12 hospitals has average charge markups greater than 1000% - meaning they are charging at least 10 times their acquisition cost for medicines, on average.⁶ It should be noted that these are billed charges, not necessarily what payers are reimbursing.
- The Community Oncology Alliance (COA) examined the self-reported drug pricing data for 49 of the top acute care disproportionate share hospitals (DSH) and found they mark up the top oncology drugs by 4.9 times their acquisition costs.⁷

³ Hospital Price Hikes: Markups for Drugs Cost Patients Thousands of Dollars, AHIP, February 2022

⁴ Roy Xiao, MD, MS; Joseph S. Ross, MD, MHS; Cary P. Gross, MD; et al, Hospital-Administered Cancer Therapy Prices for Patients With Private Health Insurance, JAMA, April 18, 2022

⁵ Anderson, Maia, Hospitals mark up drug prices by 250% on average, analysis finds, Becker's Hospital Review, January 20, 2021

⁶ Hospital Charges and Reimbursement for Medicines: Analysis of Cost-to-Charge Ratios, The Moran Company, September 2018

⁷ Examining 340B Hospital Price Transparency, Drug Profits, and Incentives, Community Oncology Alliance, September 2022



While the proponents of this legislation attempt to distract from these facts by raising concerns surrounding patient care, this is fundamentally a financial issue as providers seek to preserve the revenue streams enumerated above. Providers will always be paid for administering a white bagged drug, but plans, payers, and, ultimately, members, save on the significant markups when the drug is procured at the lowest cost pharmacy.

We would appreciate the opportunity to work with the author to improve this bill. By keeping cost containment measures intact and codifying safety guardrails, we can ensure safe, accessible, affordable prescription drugs.

Best Regards,

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