



Testimony on HB 4012A: White Bagging Ban

February 26, 2024

Chair Patterson and Members of the Committee,

My name is Mary Anne Cooper, and I am the Director of Public Affairs and Government Relations at Cambia Health Solutions, which operates Regence BlueCross BlueShield of Oregon. In keeping with our values as a tax paying nonprofit, 85% of every premium dollar goes to pay our members' medical claims and expenses.

While Regence only uses white bagging as a tool in limited circumstances, our objective is simply to get members access to the same drugs at a lower cost. Creating state level prohibitions on white bagging will limit the tools that insurers have to promote affordability and will result in higher healthcare costs for Oregonians.

Specialty drugs are those that are used to treat complex, chronic or rare conditions, like cancer or multiple sclerosis. These drugs require special management and cost significantly more than most medications. The study found that drug launch prices increased from an average \$2,115 per year in 2008 to \$220,000 per year in 2022.¹ **Cancer drugs have among the highest launch prices, with the annual price of a newly-launched cancer drug in the United States averaging \$283,000 in 2022, a 53% increase from 2017.**² Unfortunately, this trend towards more costly medications is expected to continue.

When hospitals purchase these costly drugs directly and administer them to patients, they generally include a significant markup on the cost of those drugs, which are wholly unrelated to the effectiveness or the cost to administer the drugs.

Markups in hospital settings are a major contributor to patient and insurer costs for specialty drugs, which is why we worked with proponents to negotiate HB 4012 down to a limitation of white bagging only on oncology drugs in clinical settings. From 2019-2021, the cost of a single drug treatment from a hospital costs an average of \$8200 more than if the same therapy was purchased through a specialty pharmacy.³

¹ [Trends in Prescription Drug Launch Prices, 2008-2021 | Health Care Economics, Insurance, Payment | JAMA | JAMA Network](#)

² [New U.S. cancer drug prices rise 53% in five years -report | Reuters](#)

³ [202304-AHIP_1P_Specialty_Pharmacy_report_update-v02.pdf](#)

Regence's own data underscores these national trends. Within Regence, hospitals average markup is 222%, while clinics average a 140% markup over the Average Sales Price (ASP). The average markup across Regence is 170% of the ASP. These trends result in higher costs for patients, and higher premium costs for all Oregonians.

Specialty pharmacies prioritize patient safety. They require pharmacists with extensive clinical expertise and education to safely dispense, store and handle specialty drugs. In addition, specialty pharmacies can quickly ship out new medications if there is a change in treatment or dose.

Finally, we want to make clear that the negotiated agreement on HB 4012 is intended to prohibit white bagging for oncology drugs in clinical settings unaffiliated with a hospital. This allows providers to acquire these drugs directly from their suppliers and bill the patient and insurer directly for the costs of acquiring and administering the drug, a practice known as "buy and bill." In the case where white bagging is appropriate, the medication would need to be sourced through an in-network pharmacy subject to the beneficiary's pharmacy benefit, as it does today. The intent of this legislation is to not to allow providers to circumvent an established insurer's pharmacy network in an instance where the pharmacy will be directly billing the insurer for the medication.

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