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September 11, 2023

Prescription Drug Affordability Review Board & Advisory Council
Colorado Division of Insurance
1560 Broadway, Suite 850
Denver, CO 80202

Re: Drug Affordability Review

The Coalition of State Rheumatology Organizations (CSRO) is a national organization composed of over 30 state and regional professional rheumatology societies. CSRO was formed by physicians to ensure excellence and access to the highest quality care for patients with rheumatologic, autoimmune, and musculoskeletal disease. It is with this in mind that we write to you concerning the selection of Cosentyx, Stelara, and any subsequent selection of provider administered for affordability review.

Practices that engage in the administration of provider administered drugs on an outpatient basis are typically engaged in a practice known as “buy and bill.” These practices pre-purchase drugs and bill a payer for reimbursement once they are administered to a patient. Margins for practices engaged in buy and bill are thin. In order to maintain the viability of administering drugs in this setting, reimbursement must account for overhead costs such as intake and storage, equipment and preparation, staff, facilities, and spoilage insurance. Reimbursement rates that do not sufficiently compensate these costs risk practices being unable to furnish these services. For example, Medicare Part B reimburses providers the average sales price plus an add-on percentage of 6% in order to account for these costs.

Unfortunately, the Upper Payment Limit, which the board is empowered to set, does not inherently compensate providers for the aforementioned costs. The Upper Payment Limit caps provider reimbursement for a prescription drug consistent with the rate determined by the board. It does not, however, require that provider acquisition costs are lowered sufficiently below the Upper Payment Limit to ensure providers remain above water on the combined costs of administration, the drug, and other associated overhead. To keep providers whole, the board would be relying on a voluntary market adjustment for acquisition costs which may or may not occur.

Beyond compensation for administration and overhead costs, we are also concerned that providers will be underwater on the drug acquisition cost itself. Contracting between providers, their group purchasing organizations, wholesalers, and manufacturers are not geographically isolated and are often national in scope. This will impede providers from acquiring either of these drugs at a rate that matches the reimbursement cap set forth by an Upper

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Payment Limit. This would also render the likelihood of a voluntary market the adjustment below the Upper Payment Limit unlikely.

Accordingly, we believe that the viability of furnishing Cosentyx, Stelara, and any other provider administered drugs used by rheumatologists will be severely hampered if an Upper Payment Limit is applied. While Cosentyx does not have an approved provider administered formulation at this time, it will soon be the case that it does. CSRO encourages the board to forgo setting an Upper Payment limit for these drugs, unless providers can be adequately compensated for all costs associated with administering drugs in our site of care.

We appreciate your consideration of our comments, and are happy to further detail our concerns to the board.

Respectfully,



Gary Feldman, MD, FACR
President
Board of Directors



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