

Gary R. Feldman, MD, FACR
President

January 30, 2023

Madelaine A. Feldman, MD, FACR
VP, Advocacy & Government Affairs

House Health Care and Wellness Committee
416 Sid Snyder Ave SW
Olympia, WA 98504

Michael Saitta, MD, MBA
Treasurer

Re: HB 1269

Aaron Broadwell, MD
Secretary

The Coalition of State Rheumatology Organizations (CSRO) is a national organization composed of over 30 state and regional professional rheumatology societies, including our member organization in Washington. 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 regarding HB 1269.

Erin Arnold, MD
Director

As you consider HB 1269, CSRO would like to share the importance of ensuring that HB 1269 does not impede the viability of furnishing provider administered drugs on an outpatient basis.

Leyka M. Barbosa, MD, FACR
Director

Kostas Botsoglou, MD
Director

Michael S. Brooks, MD, FACP, FACR
Director

Amish J. Dave, MD, MPH
Director

Harry Gewanter, MD, FAAP, MACR
Director

Last year, the Washington legislature exempted provider administered drugs from the Upper Price Limit (UPL) mechanism. This was due to a lack of clarity on how the UPL, acting as a constraint on both sales price and reimbursement, would provide sufficient margin to maintain the viability of provider administered drugs in our and like settings. Now, HB 1269 seeks to remove this exemption, without additional provisions to resolve the aforementioned issue, which is further detailed below. **CSRO respectfully requests that the Committee either maintain the exemption for provider administered drugs, or further clarify how reimbursement will be handled under the UPL to ensure that providing this service at our site of care remains viable.**

Adrienne R. Hollander, MD
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Firas Kassab, MD, FACR
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Robert W. Levin, MD
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Amar Majjhoo, MD
Director

Gregory W. Niemer, MD
Director

Joshua Stolor, MD
Director

Practices that engage in the administration of provider administered drugs on an outpatient basis are 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 consider these costs risks practices being unable to furnish these services. As a result, any upper payment limit set by the Affordability Review Board must consider such costs.

HEADQUARTER OFFICE

Ann Marie Moss
Executive Director

CSRO is encouraged that the Affordability Review Board’s methodology must include consideration of the “cost of administering the drug...(and) other relevant administrative costs related to the production and delivery of the drug.” However, this phrasing is vague and we do not believe that the

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aforementioned indirect administration costs would necessarily be included in the Affordability Review Board's methodology. Accordingly, we believe more specific direction from the legislature is needed to ensure that these costs and nuances are taken into account.

Indeed, the application of the upper payment limit appears to suggest that there will be one rate for both purchase and reimbursement of the drug. In order to appropriately account for the aforementioned costs there should in fact be a spread between the purchasable rate ceiling and the reimbursable rate ceiling that covers provider overhead costs. If the upper payment limit set by the board does not account for this, the viability of furnishing provider administered drugs in our care setting will be severely hampered. This will not only reduce access for your constituents, but will likely push the administration of provider administered drugs into higher cost setting of care.

We appreciate your consideration of our comments.

Respectfully,



Gary Feldman, MD, FACR
President, CSRO



Madelaine Feldman, MD, FACR
Vice President Advocacy & Government Affairs, CSRO