



Healthcare Distribution Alliance

HEALTH DELIVERED

Chairwoman Liebling
House Health Finance and Policy Committee
477 State Office Building
St. Paul, MN 55155

Chairwoman Liebling,

The Healthcare Distribution Alliance (HDA), the national trade association representing healthcare wholesale distributors, offers this letter to express our concerns regarding the drug price data reporting proposed in House File 2930. HDA feels that the language of HF 2930 inaccurately portrays the role of wholesale distributors and creates unnecessary reporting requirements for our industry.

Ultimately, HDA supports the state's efforts in seeking a better understanding of the prices that consumers see at the pharmacy counter. However, wholesale distributors do not have any insight into pricing of dispensible units as defined in the legislation nor the prices that consumers pay based on what it costs them to fill their specific prescriptions. Distributors are not a part of any negotiations on the "pay side" of the supply chain, rather this is the role of health insurers and pharmacy benefit managers (PBMs). Wholesale distributors simply purchase medical products in bulk and sell to hundreds of thousands of points of care across the country, including approximately 1,000 in Minnesota. Therefore, given our position in the supply chain, HDA requests the sponsors either remove wholesale distributors from HF 2930, or consider amendments to better reflect wholesalers role in the supply chain.

We believe it is also important for the committee to understand that the state already has access to publicly available pricing information reported to the Centers for Medicare and Medicaid Services (CMS). The National Average Drug Acquisition Cost (NADAC) data is determined for virtually every drug in the marketplace through a nationwide, pharmacy survey process and is the invoice price pharmacies pay wholesalers for their medication products. This information is not proprietary, is updated weekly and can be immediately available to benchmark pharmaceutical prices in Minnesota against national drug pricing trends. In addition to NADAC, each pharmaceutical manufacturer also reports a list price for all products sold in the U.S.

Furthermore, the Wholesale Acquisition Cost (WAC), set by the manufacturer of a drug product, is the "list price" that wholesalers are charged for the purchase of all drugs. WAC is reported in various published compendia, such as First DataBank and Medi-Span, that the state likely already has access to in order to invoice manufacturers under the Medicaid Drug Rebate Program (MDRP) and any supplemental rebate programs. Both indexes are readily available and searchable by National Drug Code (NDC), officials essentially have all the manufacturer pricing (WAC), wholesale distributor pricing and pharmacy acquisition costs (NADAC) by a simple process of deduction, the margin between the two.

Based on this information and the limited impact wholesale distributors have on the price a patient pays for their medication, we request you remove wholesalers from the unnecessary reporting requirements established in HF 2930. If you have any questions or would like to discuss these issues further, please contact me at 716-307-4022 or at tbutchello@hda.org

Sincerely,

Travis Butchello
Director, State Government Affairs
Healthcare Distribution Alliance