



Maryland  
Hospital Association

**Senate Bill 754 - Health Insurance Carriers and Pharmacy Benefits Managers – Clinician-Administered Drugs and Related Services**

**Position: *Support***  
February 28, 2024  
Senate Finance Committee

**MHA Position**

On behalf of the Maryland Hospital Association’s (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support of Senate Bill 754. MHA is concerned with the growing prevalence of certain payer-mandated drug distribution models—commonly referred to as “white bagging”—and their negative impacts on access to critical drugs and patient safety. Maryland should join the chorus of states prohibiting payer-mandated white bagging and protect our patients.<sup>1</sup>

Traditionally, hospitals purchase and dispense medication from their own inventory. When a provider reaches a diagnosis and determines a treatment plan, medication orders are promptly entered into the hospital’s electronic health records (EHR), which allows for a complete recording of the patient’s medication history and safety checks. This integrated approach avoids medication record fragmentation and enhances care coordination.

Once the patient is ready to receive the medication, the hospital’s pharmacy prepares the drug from its existing supply and can dispense without delay. If the patient’s condition abruptly changes, modifications such as dosage changes can be made quickly to accommodate the patient’s needs. This flexibility protects patient safety and expedites access to treatment.

Payer-mandated white bagging, however, disrupts this process and introduces delays and health risks. In a typical scenario, an insurer will require a hospital to send the prescription order to a specialty pharmacy instead of using medication from its own supply. The separate order bypasses the hospital EHR, resulting in record fragmentation. In addition, even if the hospital already has the medication available, the patient still must wait for the drug to be delivered.

The specialty pharmacy then prepares the medication according to the patient’s conditions at the time of the order and ships the product to the hospital. If the shipment were to encounter logistical difficulties, patient access to the drug would be delayed. Furthermore, if the patient’s condition changes during shipment and requires adjustments to the drug, a new order must be placed with the specialty pharmacy, resulting in additional treatment delays that may worsen the patient’s outcome.

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<sup>1</sup> Sikora, Kate, and Mary Gens. “White-Bagging Legislation Gains Popularity in State Legislatures.” Avalere, April 25, 2022. <https://avalere.com/insights/white-bagging-legislation-gains-popularity-in-state-legislatures>.

This scenario is only one example of how payer-mandated white bagging can jeopardize access and safety. For these reasons, we request a *favorable* report on SB 754.

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