



The Nation's Advocacy Voice for In-Office
Infusion

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January 30, 2024

Re: Impact of Upper Pricing Limits and Infusion Provider Reimbursement

Chairperson Michelle Maldonado and Honorable Members of the Commerce and Labor Subcommittee:

On behalf of the infusion providers we represent in your state, thank you for your service and commitment to the people of Virginia. As a nonprofit trade association that provides a national voice for non-hospital, community-based infusion providers; we ask you to please consider our concerns surrounding upper payment limits.

The National Infusion Center Association (NICA) is a nonprofit organization formed to support non-hospital, community-based infusion centers caring for patients in need of infused and injectable medications. To improve access to medical benefit drugs that treat complex, rare, and chronic diseases, we work to ensure that patients can access these drugs in high-quality, non-hospital care settings. NICA supports policies that improve drug affordability for beneficiaries, increase price transparency, reduce disparities in quality of care and safety across care settings, and enable care delivery in the highest-quality, lowest-cost setting.

Our organization writes to express concerns with the Board's ability to establish an upper payment limit for prescription drugs. We applaud Virginia lawmakers for attempting to address drug costs for patients, and we appreciate that the bill notes this will be done with consideration for administration costs. However, we are still concerned that an upper payment limit will not only fail to achieve the intended goal, but it will also harm vulnerable patients in the process.

Establishing a ceiling for how much an infusion provider can be reimbursed for a drug will disrupt the delicate economics of medical benefit drug delivery and put smaller, community providers—that represent the lowest-cost care setting for these expensive medications—at risk. Infusion providers typically acquire, administer, and bill for drugs through a buy-and-bill model. Under this model, providers are reimbursed for drugs they previously purchased and stored along with a small payment for professional services that does not begin to cover the overhead of their business, known as the admin fee. To remain in business, infusion centers rely on their



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drug payments to offset the incredible cost-reimbursement disparity on the professional services side. Drug payments are the economic lynchpin to offset practice expenses, including inventory management, staff salaries, and office space. Lower drug payments to infusion providers will force most of the state's community-based infusion centers to shutter their doors or discontinue administering certain drugs, forcing patients into more expensive hospital care settings or potentially ending their treatments.

Upper pricing limits put a ceiling on the reimbursement for certain drugs, but they do not guarantee that the drug will actually be cheaper for patients. An upper payment limit will only establish how much insurers in the state pay for a drug. It will not change the actual cost of drug acquisition and administration for providers, and it will not change what insurers require from patients through copays and coinsurance (most infusion patients use copay assistance to cover the cost of their medications, which insurers are trying to prevent through copay accumulator programs). Though well-intended, we fear that upper payment limits will harm infusion providers and their patients, leading to access issues across the state.

Taking time to better understand the buy-and-bill model that most, if not all, infusion providers rely on, will only benefit the welfare of providers and patients in the state. We hope that the Committee will be open to exploring other options, such as an amendment that would exempt infusion providers from the impact of this bill - a provider carve-out. This would avoid disruptions to community-based care delivery and keep Virginia infusion centers and patients safe.

Thank you for your consideration. If we can provide any additional information, please do not hesitate to reach out.

Sincerely,

National Infusion Center Association (NICA)