MHA MASSACHUSETTS HOSPITAL ASSOCIATION

The leading voice for hospitals.

March 3, 2010

Kevin Beagan
Deputy Commissioner
Massachusetts Division of Insurance
One South Station
Boston, MA 02110

Dear Mr. Beagan:

As you know, Blue Cross Blue Shield of Massachusetts has transitioned coverage for certain injectable drugs by moving them from the medical benefit to the pharmacy benefit. While most of these drugs can be safely administered by the patient at home, the Massachusetts Hospital Association (MHA), the Massachusetts Society of Clinical Oncologists (MASCO), and the American Cancer Society (ACS) have expressed significant concerns around the inclusion of specific oncology medications on this list. BCBSMA delayed the effective date for three of these medications (Epogen, Procrit and Aranesp or ESAs), ostensibly to allow providers time to "transition," and intends to implement the benefit on April 1, 2010.

Patients who receive these drugs need to be closely and carefully monitored in a clinical setting for adverse side effects. Taking the delivery of oncology care out of the hospital outpatient department or physician office, requiring the patient to wait for delivery of the drugs and then either return to the office for administration of the medication or incur the risks of self administration compromises patient care, seriously inconveniences very sick patients, and is unlikely to save significant dollars. We have outlined these concerns in previous correspondence so they will not be repeated here. However, MHA does want to make you aware of another potentially serious access problem likely to result from the benefit change.

When we met in February, you indicated that the Division of Insurance (DOI) would be concerned about any potential network disruption. Hospital pharmacies bear the responsibility of making sure that any medications administered to patients are obtained from reliable sources, are stored in the appropriate manner and delivered timely, in unspoiled condition. The integrity of the pharmaceutical supply chain must never be compromised. For these reasons, hospitals have many procedures in place to ensure the quality of the medications that are administered, including prohibiting the procurement of medications from outside sources and/or bringing them to the hospital for administration in an outpatient setting. Many physician practices follow similar guidelines for the same reasons.

A recent survey of hospitals revealed that eleven out of eighteen respondents have policies that expressly prohibit receipt, storage, handling, or dispensing of any medications received from outside sources rather than from the hospital pharmacy. This list includes both teaching and community hospitals from across Massachusetts that currently provide oncology services. The other hospitals that responded have policies that restrict acceptance and administration of drugs from outside sources to certain limited circumstances. Many of these hospitals are currently providing ESAs to cancer

patients and will no longer be able to after April 1, 2010. This will result in network disruption and patients will have to find alternative sources to have the medication administered. As we have repeatedly stressed, disaggregating care for this population compromises patient safety, disrupts continuity of care, and inconveniences vulnerable patients. Blue Cross has claimed that this is a cost issue, but has been unable to demonstrate any reduction in costs that would accrue to its employer accounts when all of the patient risks, network disruption, medication wastage, and other additional costs are taken into consideration.

On behalf of our hospital and health system members and the patients they care for, we again urge the Division of Insurance to require that Blue Cross exempt these ESAs (and octeotride) from its new specialty pharmacy coverage policy when used for oncology patients, as it has for use of these drugs in other clinically integrated settings, such as dialysis clinics and ambulatory surgery centers. These drugs should be covered as a medical benefit in clinically integrated infusion centers in physician offices and hospital out-patient departments.

We appreciate your consideration and thank you again for your time in reviewing and addressing these issues.

Sincerely,

Karen Granoff
Sr. Director, Managed Care

Cc: Barbara Anthony, Secretary, Office of Consumer Affairs
Joseph Murphy, Commissioner, Division of Insurance
Michael L. Blau, Esq.