



Oct. 6, 2022

Colorado Prescription Drug Affordability Board  
Colorado Division of Insurance  
1560 Broadway, Suite 850  
Denver, CO 80202

Re: CHA Comments on Oct. 7 rulemaking hearing regarding the Proposed Draft Rule Part 4 - Upper Payment Limit Methodology

Madam Chair and Honorable Members of the Colorado Prescription Drug Affordability Board:

On behalf of its 105 member hospitals and health systems, the Colorado Hospital Association (CHA) appreciates the Board and Staff for their work to address prescription drug affordability in Colorado. We understand this task comes with complexities and we appreciate your thoughtful approach and willingness to hear our concerns.

Colorado hospitals are concerned about the unintended consequences of shifting additional costs to hospitals and then finding themselves in a situation where the purchase price of a number of drugs will remain the same, but the reimbursement may be significantly reduced, especially in a time when we are facing rising health care costs.

With the risk of cost shifting, hospitals will then be put in the position of choosing between:

1. taking a loss on the difference between the purchase price and the new reimbursement rate to maintain patient access to these drugs;
2. finding alternative treatments that may not be as effective (provided they are available); or,
3. potentially discontinuing these treatments altogether if the financial impact is too severe.

Colorado hospitals and health systems purchase a high volume of drugs used to treat patients in both the inpatient and outpatient settings. Access to prescription medications, along with adherence to prescribed treatments, are two critical issues facing our patients. Advancements in pharmaceutical treatments not only treat painful and debilitating symptoms of disease, but many can also cure diseases or keep a disease in remission. The improvements in quality of life for our patients cannot be understated.

When conducting an affordability review of a medication, we encourage the Board to consider the “total cost of care” related to a medication by considering such factors as whether a medication reduces costly inpatient stays, reduces side effects to patients, improves adherence because it can be administered in a different form (oral vs IV), and improves patient outcomes. We respectfully request that the rules adopted by the Board consider the unique circumstances that can impact treatment of patients receiving care in hospitals, in either inpatient (acute care) units or outpatient, which includes many oncological services.



Colorado Hospital Association

Rising drug prices, as well as shortages for many critical medications, can disrupt patient care and strain hospitals' budgets and operations. The budget pressures that result from increased drug spending also has negative impacts on patient care with regard to hospitals being forced to delay infrastructure investments, reduce staffing, and identify alternative therapies. Hospitals also continue to struggle with pharmaceutical shortages, which increase costs by disrupting typical work patterns and patient care, and often require significant staff time to address.

Patients receiving inpatient care are typically sicker and may be taking multiple medications upon admission. They have more complicated health histories than patients who are seen in an ambulatory setting (primary care and specialty clinics). Pharmacists are an integral part of the care teams, working with nurses and physicians, to identify and dispense medications that are most effective with the fewest side effects, while also considering affordability and cost of medications.

Staff pharmacists shoulder a broad array of responsibilities from dispensing medication, making purchasing decisions, monitoring drug therapy, preparing IV medication, and overseeing drug administration. Last, but not least, hospital pharmacists play a critical role in vaccination efforts, most recently demonstrated during the COVID-19 public health emergency.

We encourage the Board to limit administrative burdens on hospital pharmacists, who are not involved in setting reimbursement rates or patient cost-sharing obligations, but who already shoulder significant burdens related to prior authorizations and utilization reviews by payers.

Lastly, Colorado hospitals are concerned about any potential impact on the purchase price of national organizations as the majority of Colorado hospitals are members of Group Purchasing Organizations (GPOs) which allow hospitals to band together and realize savings through economies of scale on everything from prescription drugs to personal protective equipment to cleaning supplies. It is also important to note that GPOs are national in scope and not subject to Colorado law.

Because adequate protections have not been contemplated for hospitals, we respectfully suggest the Board begin this work with retail pharmacy claims until appropriate guardrails can be put in place to protect against an unintended cost shift from pharmaceutical manufacturers to hospitals and our patients.

CHA would be happy to discuss any additional follow-up items or seek additional member feedback on request. Thank you for your time and consideration of our feedback and concerns.

Regards,

*Bridget Garcia*

Bridget Garcia

Manager of Public Policy

Colorado Hospital Association