



Jan. 12, 2023  
Colorado Prescription Drug Affordability Board  
Colorado Division of Insurance  
1560 Broadway, Suite 850  
Denver, CO 80202

Re: CHA Comments on Jan. 13 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 over 100 member hospitals and health systems, the Colorado Hospital Association (CHA) thanks the Prescription Drug Affordability Board (Board) and Board Staff for the opportunity to continue the discussion on the Upper Payment Limit (UPL) Methodology Rules to allow for additional stakeholder input and adjustments to make sure the intent of the Board is what is achieved.

As voiced previously, Colorado hospitals are concerned that when an upper payment limit is established, the difference between the purchase price and the new reimbursement rate could be so significant that it impacts hospitals' ability to provide lifesaving care and treatment. This unintended consequence could jeopardize access to care and innovative treatments that cure diseases or keep a disease in remission. Colorado hospitals and health systems purchase a high volume of drugs used to treat patients in both the inpatient and outpatient settings, meaning that when prices rise, these community institutions are significantly impacted. Managing prescription drug spending is essential for hospitals' overall financial viability.

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. Given that these multistate GPOs are not based in Colorado and national in scope, a UPL set by the Board would not change the purchase price but may significantly decrease the reimbursement to hospitals. However, this is not a unique scenario for hospitals as Medicare reimbursement rates for a number of drugs have failed to keep pace in recent years.

During the October UPL rulemaking hearing, the Board asked CHA for more information on the relationship between hospitals and GPOs and hospitals' ability to provide pricing information on various drugs purchased within a GPO agreement. Over the course of the past three months, the Association explored a variety of possible solutions that could inform the regulatory process and protect hospitals from unintended consequences.

Unfortunately, contract provisions limiting the sharing of information, variation based upon certain clinical factors, and other challenges presented by the complex nature of the pharmaceutical supply chain have inhibited our ability to support the efforts of the Board at this time.



Recognizing that more work is needed in the area of hospital-purchased drugs, we respectfully renew our request that the Board begin its 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 upon request. Thank you for your time and consideration of our feedback and concerns.

Regards,

*Bridget Garcia*

Bridget Garcia  
Manager, Public Policy  
Colorado Hospital Association