



Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

March 2, 2021

The Honorable Shane E. Pendergrass
Health and Government Operations Committee
House Office Building Room 240
6 Bladen Street
Annapolis, Maryland 21401

RE: HB 1107 – Letter of Information

Dear Chair Pendergrass and Members of the Committee:

Kaiser Permanente appreciates the opportunity to provide comments on HB 1107, “Maryland Medical Assistance Program – Supplemental Rebate Program – Subscription Model for Hepatitis C Therapies.” Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.¹ Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 775,000 members. In Maryland, we deliver care to over 450,000 members.

Kaiser Permanente fully supports appropriate treatment for all individuals with Hepatitis C (HCV). At Kaiser Permanente, members with HCV can be treated regardless of disease severity or fibrosis level (barring any contraindications or other concerning health issues which warrant treatment first such as cancer or AIDS), ensuring that anyone who wants to be treated can be safely treated. We contract directly with drug manufacturers for the medication used to treat our members with HCV, serving all our commercial, Medicare, and Medicaid members nationwide.

This legislation would require Maryland Medicaid to apply to CMS for a state plan amendment that 1) authorizes the State to enter into value-based arrangements with drug manufacturers through supplemental rebate agreements and 2) seeks an approval that authorizes a subscription model for Hepatitis C therapies regardless of disease severity or fibrosis level. If enacted, Maryland would join other states, including Louisiana and Washington State that have pursued a similar arrangement.

We note that coverage for Hepatitis C therapies is currently carved in to coverage through HealthChoice. It’s unclear from this legislation whether Maryland Medicaid would continue to provide these therapies through HealthChoice under the proposed subscription model, or would seek to reimburse these costs on a fee-for-service basis. To the extent the proposed subscription model would impact the HealthChoice contract, we recommend that relevant stakeholders,

¹ Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation’s largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente’s members.

including Managed Care Organizations (MCOs), be involved in the development of the application. We've included an amendment below to that effect.

We also note that the preliminary evidence suggests that these arrangements have not been as effective as hoped in lowering drug costs, as described in a recent article in [Health Affairs](#). Therefore, if the State pursues this type of arrangement for the Medicaid program, we would want the opportunity to evaluate whether the arrangement was more favorable than our current contracts for HCV medication. This will ensure we can access these medications at the lowest price possible in support of our members. We suggest an amendment clarifying that the State's application submitted to CMS may not require an MCO to purchase Hepatitis C therapies through a value-based arrangement or subscription model between the Department and a drug manufacturer.

Thank you for the opportunity to comment. Please feel free to contact Allison Taylor at Allison.W.Taylor@kp.org or (202) 924-7496 with questions.

Sincerely,



Allison Taylor
Director of Government Relations
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.

AMENDMENT TO HOUSE BILL 1107
(First Reading File Bill)

On page 2, after line 7, insert:

(B) THE DEPARTMENT SHALL COLLABORATE WITH RELEVANT STAKEHOLDERS ON THE DEVELOPMENT OF THE APPLICATION SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION.

(C) THE APPLICATION SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION MAY NOT REQUIRE A MANAGED CARE ORGANIZATION TO PURCHASE HEPATITIS C THERAPIES THROUGH A VALUE-BASED ARRANGEMENT OR SUBSCRIPTION MODEL BETWEEN THE DEPARTMENT AND A DRUG MANUFACTURER.

On page 2, in line 8, strike (B) and substitute (D).