ATTACHMENT U

July 8, 2016

To the Honorable Senate and House of Representatives:

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution, I am returning to you for amendment Section 194 of House Bill No. 4450, “An Act Making Appropriations for the Fiscal Year 2017 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements.”

Section 194 establishes an 11-member commission to study and report by July 1, 2017, on health insurance payer practices that require certain categories of drugs to be dispensed for a specific patient by a third-party specialty pharmacy or health care provider.

While this is an issue that merits a close review, the creation of an 11-member commission is not necessary. Rather, this sort of analysis is best performed by the Health Policy Commission (HPC), an agency whose mission it is to identify and review health care cost and quality issues. The HPC can build upon their prior research on this issue, to provide a formal report to the Legislature.

For these reasons, I recommend that Section 194 be amended by striking out the text and inserting in place thereof the following text:-

SECTION 194. The health policy commission, in consultation with the department of public health and the division of insurance, shall study and analyze health insurance payer practices that require certain categories of drugs, including those that are administered by injection or infusion, to be dispensed by a third-party specialty pharmacy directly to a patient or to a health care provider with the designation that such drugs be used for a specific patient and not for the general use of the provider. The commission shall file a report of its findings, including recommended legislation, with the senate and house committees on ways and means, the joint committee on health care financing and the joint committee on public health not later than July 1, 2017.

Respectfully submitted,