

# WMC: Elimination of “white bagging” to result in higher health care costs for employers, employees

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MADISON – Wisconsin Manufacturers & Commerce (WMC) – the combined state chamber and manufacturers’ association – joined a coalition of fifty-three business groups and employers on Tuesday opposing AB 718/SB 753. The legislation would eliminate what is commonly known as “white-bagging,” a process that delivers clinically administered drugs directly to providers. With ever-rising health care costs, this is a necessary tool to address significant hospital mark-ups and keep medications reasonably affordable.

A [recent study](#) prepared for PhRMA found that on average hospitals charge 479% of their cost for drugs nationwide. Eighty-three percent of hospitals charge patients and insurers more than double their acquisition cost for medicine, marking-up the medicines 200% or more.

“The trend of increasing hospital mark-ups on medication is unsustainable, especially when health care prices in Wisconsin are already some of the highest in the nation,” said WMC Director of Workforce, Education & Employment Policy Rachel Ver Velde. “This legislation would take away an important tool that employers use to maintain a high quality of care and reduce the costs for their employees. We urge policymakers to oppose this bill.”

In a letter to legislators, WMC and the coalition explain that employers and employees are bearing the brunt of significantly inflated prices for clinically administered drugs. “This translates into lower wages, fewer jobs and businesses looking elsewhere to grow their companies. Wisconsin businesses are committed to providing quality healthcare, but ninety percent of plan sponsors said high drug prices could jeopardize the affordability of employer-provided health care coverage for employees and their families,” the letter reads.

[Read the full letter here.](#)