Equitas Health
Care for All

Good morning, Chair Lipps, Vice Chair Holmes, Ranking Minority Member Boyd, and the members of the House Health Committee. My name is Aaron Clark and I am the Chief Healthcare Operations Officer at Equitas Health. I am a pharmacist by trade and previously served as Equitas Health's Chief Pharmacy Officer. Thank you for the opportunity to talk about the importance of implementing protections for Community Health Centers and other 340B Covered Entities against language in our contracts with insurance companies and Pharmacy Benefit Managers (also known as PBMs) that seek to take our 340B savings.

Equitas Health is a nonprofit, community-based health care organization serving patients throughout Ohio with a diverse set of services, including primary and specialized medical care, pharmacy, behavioral health care, dental care, HIV/STI prevention, advocacy, and case management. We are a Community Health Center and the largest Ryan White Program provider in the state. We operate four health centers and pharmacies in Columbus, Dayton, and Cincinnati. Our mission is to be the gateway to good health for those at risk of or affected by HIV/AIDS, for the LGBTQ+ community, and for those seeking a welcoming health care home.

SB 263 seeks to stop a practice that is plaguing Community Health Centers, Ryan White providers, and other 340B Covered Entities – insurance companies and pharmacy benefit managers **diverting funding intended to care for underserved patients and communities to themselves to increase their profit margins.** This happens when insurance companies and PBMs target 340B providers like us with discriminatory contracts – contracts that take all or part of the savings earned by and intended for 340B providers. They do this by reimbursing us *less* for medications that we purchase as part of the 340B program, or by adding excessive fees for filling prescriptions that utilize medication purchased via the340B program,, and then forcing us to either sign the contract or not be able serve patients in their network. Despite insurance companies and PBMs being aware that Community Health Centers depend on 340B savings to serve every patient who walks in our doors, regardless of ability to pay, they continue to add contract language to steal our 340B savings.

Let me give you two examples. Because our contracts include confidentiality provisions

that prevent us from sharing proprietary information, I will paraphrase the problematic language. One large insurance company with which we do business put language in our contract that reimburses us approximately 30% less for a 340B drug than for a retail drug (despite the medications being identical). In doing this, the payor entirely wipes out the 340B savings intended for us, as provided in federal law. The payor then pockets these dollars for their own gain.

Similarly, we've seen PBM language that identifies the Covered Entity pharmacy as a pharmacy owned by a 340B Covered Entity that is "no longer qualified to receive reimbursement using [PBM's] standard commercial pharmacy network reimbursement rates." As a result, the PBM amends the pharmacy's contract to pay reimbursement rates significantly less than those in a standard contract. It gives the Covered Entity the option to decline participation in the PBM's network which, as you know, is not a *real* choice for most providers.

The 340B Drug Pricing Program provides certain safety net providers, such as Ryan White Clinics and Community Health Centers like Equitas Health, access to prescription drugs at reduced prices. **We are, in turn, required by federal law to reinvest 340B savings back into our patients and the communities we serve.** We do that by using 340B savings to provide access to prescription drugs at reduced prices; offer more services, like dental and behavioral health; hire additional providers and staff; serve new populations; and extend hours of operation for greater access. We make every effort to ensure that our patients do not walk out of our pharmacy without a prescription they need. If they can't afford it, we utilize assistance programs or identify other alternatives to reduce the cost of drugs to ensure the needs of our patients are met. Our ability to reinvest savings to support or expand services increases patients' access to the care they need, when they need it, and in the most appropriate and cost-effective setting–thus reducing costs elsewhere in the healthcare system.

The proposed legislation protects the intent of the federal 340B Drug Pricing Program by ensuring the 340B savings help Ohio's most vulnerable citizens and do not pad the insurance companies' and PBMs' profits. The legislation stops an unconscionable predatory practice and prohibits imposing fees or reducing reimbursement to Ohio 340B providers simply because they

are a 340B provider. I urge you to support SB 263. Thank you. I am happy to answer any questions that you may have.