



November 16, 2020

Senator Matt Dolan  
Chair, Ohio Senate Finance Committee  
1 Capitol Square  
1<sup>st</sup> Floor  
Columbus, Ohio 43215

**RE: National Association of Community Health Centers (NACHC) – SUPPORT Senate Bill 263**

Dear Chairman Dolan,

On behalf of the National Association of Community Health Centers (NACHC), **I am writing to express our support for Senate Bill 263**, which will preserve the intent of the 340B Program by ensuring that all savings are directed to health centers and their most vulnerable patients.

NACHC is the national membership organization for federally qualified health centers (also known as FQHCs or health centers). Health Centers are nonprofit, community-directed providers that serve as the health home for over 29 million people, including 1 in 5 Medicaid beneficiaries and 1 in 3 people in living in poverty. It is the collective mission and mandate of over 1,400 health centers around the country to deliver high quality primary and preventative care as well as dental, behavioral health, pharmacy and other “enabling” services that facilitate access to care to individuals in medically underserved areas, regardless of insurance status or ability to pay.

To support the costs of providing affordable care to medically-underserved populations, FQHCs rely on a variety of funding sources and discounts. One of the most important sources is the 340B Drug Discount Program (established in Section 340B of the Public Health Service Act), which requires drug manufacturers to provide pharmaceuticals to FQHCs and other outpatient “safety net” providers at a discount in order for those drugs to be covered under Medicare and Medicaid. By purchasing medications at a lower cost, covered entities – like health centers – pass the savings along to their patients through reduced drug prices and then can keep any additional savings to fund other services. Prior to the creation of 340B, most FQHCs were unable to afford to provide patients access to pharmaceuticals.

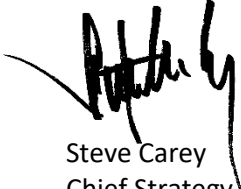
The 340B program is central to FQHCs’ ability to make prescription drugs more affordable and to fund expanded access to other services. While 340B-supported services vary by FQHC, they often include Substance Use Disorder (SUD) services, adult dental care, behavioral health counseling and patient education. Reduced access to 340B discounts threatens these services. Importantly, under the 340B program, health centers are federally mandated to pass savings from the reduced price to their patients.

**NACHC supports Senate Bill 263 because it will enable health centers to retain their 340B savings by prohibiting the predatory practice of imposing fees or reducing reimbursement to Ohio 340B providers.** Specifically, this bill will protect 340B providers from entering contracts that offer lower reimbursement for drugs simply because they were purchased under 340B. While 340B is a federal program, it is imperative to take state-level action because the 340B federal statute does not protect health centers from having their savings “pick-pocketed” by pharmacy benefit managers (PBMs) and insurers. In passing

this legislation, Ohio would be a national leader on this issue, joining six other states that have acted to protect 340B covered entities from reimbursement discrimination.

We appreciate the opportunity to provide comments in support of Senate Bill 263. The 340B program is critically important to health centers because it both allows them to provide access to affordable prescription drugs as well as expand access to other primary and preventive care services. Should you have any questions about our comments, please feel free to contact Jeremy Crandall, Director of State Affairs at [jcrandall@nachc.org](mailto:jcrandall@nachc.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Carey", with a long, sweeping underline that extends to the left.

Steve Carey  
Chief Strategy Officer  
National Association of Community Health Centers  
[www.nachc.org](http://www.nachc.org)

Cc: Ohio Senate