Bob Hackett
State Senator
10th District

Committees
Insurance - Chair
Financial Institutions and Technology - Vice Chair
Health
Transportation
Rules and Reference

Ohio Senate
Senate Building
1 Capitol Square
Columbus, Ohio 43215
(614) 466-3780

Chair Huffman, Vice Chair Johnson, Ranking Member Antonio and members of the Senate Health Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 269, which would prohibit drug manufacturers and wholesalers from taking certain actions regarding reimbursements made to 340B-covered entities.

In 1992, Congress created the 340B Drug Discount Program through the Veteran's Health Care Act to enable health care providers that serve low-income and uninsured patients to purchase drugs at lower costs. The 340B statute requires the Secretary of the U.S. Department of Health and Human Services (HHS) to enter into an agreement with drug manufacturers that participate in the Medicaid and Medicare Programs and negotiate a ceiling price at which the manufacturers must sell certain covered outpatient drugs to eligible safety net providers, called covered entities. Covered entities are healthcare providers that have a legal obligation to provide care for individuals regardless of their insurance status or ability to pay. Some examples of these covered entities are Federally Qualified Community Health Centers (FQHCs), Rural Referral Centers, and some hospitals, such as Disproportionate Share Hospitals and Children's Hospitals.

These providers register under the supervision of the Federal Health Resources & Services Administration (HRSA) and are then authorized to receive discounts on all eligible covered outpatient drugs.

Community Health Centers, such as Rocking Horse or Five Rivers Health Centers in my district, exemplify the type of safety net provider that the 340B Program was intended to support. Both law and regulation require health centers to reinvest all 340B savings from the reduced prices into activities that further their mission of

expanding access to care for the medically underserved. For example, health centers use 340B savings to:

1. Ensure patients have access to necessary medications.
2. Expand access to critical services, such as dental care and substance-use disorder services.
3. Expand hours so patients who work during the day do not have to miss work to see their provider or use ED or urgent care facilities.
4. Provide access to chronic care management programs and other non-reimbursable services that the patients need in order to manage chronic diseases such as diabetes, asthma, and high blood pressure.

For nearly 30 years, safety net providers have been able to utilize contract pharmacies to increase their patients' access to necessary medications. However, beginning in 2020, some manufacturers put restrictions in place limiting providers to the use of one contract pharmacy at a single location to dispense the 340B drugs. Depending on their patient size and multi-county presence, some Community Health Centers have dozens of contract pharmacy locations to ensure that every patient can conveniently access their medications.

These harsh tactics are placing barriers to care and hindering the efficiency of the entire healthcare system. Contract pharmacies, which have been partnering with safety net providers since the inception of the 340B Program, play an essential role for patients by meeting them where they are in the community. These restrictions force patients to either 1. Travel far distances to the one contract pharmacy that dispenses the 340B drug, 2. Be prescribed a different medication that may not be as effective, or 3. Forgo receiving medication altogether.

Senate Bill 269 is a simple bill that prohibits drug manufacturers from putting severe limitations and restrictions on the delivery of medically necessary drugs solely because the prescriber is a 340B covered entity. This legislation seeks to close loopholes and protect the original intent of the 340B program by prohibiting such actions and protecting access to healthcare for Ohioans. We are not here to expand the 340B Program or to debate its efficacy but rather to address the deficiencies in the distribution and delivery of 340B medications.

The federal law only addresses drug pricing whereas the distribution and delivery of drugs has traditionally been regulated by the states. This is part of a national effort where over 20 states have introduced this or similar legislation and six have passed it.

We will be working with interested parties this summer to refine the bill, which may include the removal of wholesalers from the legislation entirely. I just want to put that on your radar as we enter our summer recess. I look forward to continuing our work on this bill and additional committee discussion once we return.

Once again, thank you Chair Huffman and the members of the Senate Health Committee for an opportunity to provide sponsor testimony on Senate Bill 269. I would be happy to answer any questions that you may have.