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State Representative Adam Holmes

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House Bill 276

Chair Lampton, Vice Chair Craig, and Ranking Member Tims, thank you for letting us introduce HB 276. The focus of this legislation is to help ensure that certain safety net providers eligible for reduced drug prices under the 1992 Federal 340B Drug Pricing Program are able to participate in the program as intended.

Specifically, this legislation prohibits health care drug manufacturers from doing the following:

- Denying, prohibiting, restricting, discriminating against, or otherwise limiting the acquisition or delivery of a 340B drug to a 340B covered entity unless prohibited by US Department of Health and Human Services.

- Requiring a 340B covered entity to submit claim data as a condition for acquisition or delivery of a 340B drug to a 340B covered entity unless the data is required by US Department of Health and Human Services.

What are 340B drugs and 340B covered entities?

The 340B Drug Pricing Program requires drug manufacturers to enter into an agreement with the HHS Secretary in exchange for having their drugs covered by Medicaid and Medicare. In exchange for utilizing the Medicaid and Medicare market, the drug manufacturer agrees to provide front-end discounts on covered outpatient drugs purchased by specified safety net providers, called “covered entities,” (such as Federally Qualified Health Centers). My district in the Appalachian area has several FQHC’s that are integral to health care system and serve our most vulnerable patient population.

By law, the FQHC’s must reinvest the savings from the reduced prices directed by the program into additional services for their patients. Great examples include:

- Expanding access to critical services, such as dental and substance use disorder services
- Adding evening and weekend hours for working patients
- chronic care management programs that help patients manage diseases such as diabetes, asthma, and high blood pressure

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Due to their slim operating margins, many FQHC's report that without the savings from the 340B program, they would be limited in their ability to support even core services for their patients.

Unfortunately, some FQHC's have struggled to receive the full benefits of the 340B Drug pricing program. Although federal has jurisdiction on the program's drug pricing, specific drug delivery and distribution rules must be codified at the state level.

FQHC's are often in rural or other high need areas and frequently use multiple contract pharmacies located across a wide geographic area to increase the access of 340B drugs to their patients. Because Ohio has not developed state specific 340B distribution guidelines, some drug manufacturers have limited distribution and delivery to the contracted pharmacy networks that support FQHC patients. This impacts the community health centers and other covered entities by reducing their ability to provide for patients and to use the 340B drug cost savings to support other health care programs. As a result, patients are forced to travel to obtain their medications, when some do not have the means to do so or go without medications. This leads to patients not getting the care they need, heightened utilization of emergency rooms and increasing cost and stress to the entire healthcare system.

In Ohio, FQHC's serve nearly a million patients from over 550 locations in 76 of Ohio's 88 counties. By definition, FQHC's are:

- Located in areas of high need
- Open to all, regardless of their insurance status or ability to pay
- Comprehensive primary and preventive care service facilities including medical, dental, vision, mental health and substance use disorder treatment and affordable pharmacy services.

HB 276 will prohibit drug manufacturers from refusing to ship medically necessary medications to a 340B covered entity or its pharmacy partners. Our intent for this legislation is to establish specific delivery and distribution 340B guidelines in Ohio and ensure the program works as intended, allow FQHC's to receive all of the benefits of the 340B drug discount pricing, and to provide health care access to those most in need. Thank you.