Ohio Hospital Association
Ohio House Insurance Committee
House Bill 276 - Interested Party Testimony
October 14, 2025

Chair Lampton, Vice Chair Craig, Ranking Member Hall, and members of the House Insurance Committee, thank you for the opportunity to provide interested-party testimony on House Bill 276.

My name is Matt Perry, and I have served as President and Chief Executive Officer of Genesis HealthCare System since 2007. Genesis is an integrated health system based in Zanesville and serving the six-county service area of Muskingum, Morgan, Perry, Coshocton, Noble, and Guernsey counties. I also serve as a Trustee At-Large on the Ohio Hospital Association's Board of Trustees, which represents 252 hospitals and 15 health systems in the state of Ohio.

I am here to do three things: (1) explain why the federal 340B Drug Pricing Program is indispensable to Ohio's hospitals and the patients we serve; (2) clarify the critical role contract pharmacies play in fulfilling 340B's mission; and (3) respectfully request an amendment to HB 276 so that Ohio's 340B hospitals receive the same protection the bill affords other covered entities.

Under federal law, hospitals are 340B "covered entities." Hospitals were included in the original definition of 340B covered entities when the program was established in 1992 to "stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." Current federal statute expressly includes disproportionate share hospitals, children's hospitals, free-standing cancer hospitals, critical access hospitals, rural referral centers, and sole community hospitals. HB 276's stated purpose is to prohibit drug manufacturers and their agents from denying, restricting, or conditioning access to 340B-priced drugs and from imposing claims/utilization data requirements. That is precisely the conduct Ohio hospitals are confronting today. Yet, as currently drafted, the bill excludes hospitals from utilizing contract pharmacies while granting that ability to other 340B providers.

We ask the Committee to align HB 276 with federal law and ensure equal protection for Ohio's 340B hospitals to use contract pharmacies.

Ohio hospitals treat anyone who walks through our doors, regardless of insurance status or ability to pay. We sustain the services that every community relies on. Still, few others can provide emergency and trauma care, behavioral health crisis stabilization, stroke and cardiac programs, oncology, dialysis, and complex chronic disease management. Savings generated under the 340B program are reinvested to keep these essential services available in every region of the state, including both urban and rural areas. When manufacturers restrict access to 340B discounts by limiting or conditioning contract pharmacy arrangements, hospitals' ability to deliver and sustain these services erodes.

At Genesis Health System, when pharmaceutical manufacturers restricted our access to contract pharmacies in 2020, our hospital system lost $7 million in 340 B savings, which represented about 20% of our total program savings. Genesis uses a portion of the 340B savings to offer any patient who is at or below 400% of the Federal poverty level income access to their 340B eligible prescription for a $5 copay. When pharmaceutical companies unilaterally cut off our access to contract pharmacies, this directly reduced the number of patients we could help afford their medications.

Contract pharmacies serve as the bridge between a hospital's clinical care and a patient's ability to start and stay on therapy in the real world. Not every community has a hospital-owned retail pharmacy. Many patients are unable to return to a hospital campus after discharge. Contract pharmacies extend the reach of hospital care into neighborhoods where patients live and work. Consider these everyday Ohio examples:

- A heart-failure patient discharged on Friday can afford and pick up medications at a nearby contract pharmacy that evening, avoiding a preventable readmission on Monday.
- A rural oncology patient fills an oral chemotherapy locally, monitored by the hospital clinic team, rather than delaying therapy or driving long distances for refills.
- A working parent managing insulin obtains supplies close to home, supported by hospital-funded diabetes educators and pharmacists embedded in primary-care clinics.

Without access to contract pharmacy services, patients face longer drives, higher costs, and dangerous gaps in their therapy, especially in areas with limited choice and transportation. Contract pharmacies are how 340B savings lead to timely access, adherence, and improved outcomes.

There has been confusion regarding how hospitals utilize the 340B program and contract pharmacies. Let me be clear:

- **340B does not cost the state, federal government, or patients money**. The program requires no state appropriation. It allows safety-net providers to purchase drugs at a discount and reinvest savings into patient care and community services.
- Contract pharmacies are not loopholes; they are a court-upheld practical mechanism developed to help patients access medications where they live.
- Hospitals operate 340B programs under extensive federal oversight, internal auditing, and compliance safeguards to ensure program integrity and prevent duplicate discounts.

A growing number of states, including Arkansas, Louisiana, Kansas, Maryland, Minnesota, Mississippi, Missouri, Nebraska, North Dakota, South Dakota, Tennessee, Utah, and West Virginia, have already enacted legislation protecting 340B contract-pharmacy access to hospitals and covered entities.

HB 276 already recognizes that manufacturers should not be permitted to deny, restrict, or condition access to 340B-priced drugs, nor require claims or utilization data beyond what federal law requires. Those protections are sound, and they should apply to hospitals exactly as they apply to other covered entities. If Ohio continues to exclude hospitals, it would be an outlier. **The only state to enact contract-pharmacy protections that excluded hospitals was New Mexico. In every other state that has advanced such protections, hospitals are included.**

Despite a flurry of lawsuits by manufacturers and their trade associations, courts have repeatedly upheld state authority to prohibit manufacturer restrictions on contract pharmacy access. Federal appellate and district courts have denied motions to block these laws and affirmed states' power to protect patient access. The trend is clear: when states act to prevent denials, caps, and routing schemes, courts are increasingly allowing those protections to stand. Ohio can and should stand on this same, well-reasoned footing.

Amending HB 276 to include Ohio's 340B hospitals will:

1. Align state policy with the federal law's definition of covered entities.
2. Protect patient access to medications and reduce avoidable readmissions and complications.
3. Support the financial viability of essential hospital services that every community depends on.

HB 276's stated purpose and the daily experience of Ohio's hospitals point to the same conclusion: hospitals must be included. Equal protection for hospitals under HB 276 will ensure that manufacturer-imposed caps, routing schemes, and extraneous data demands do not sever the link between hospital care and the neighborhood pharmacy counter.

Thank you, Chair, Vice Chair, and Ranking Member, for your consideration and for your work to protect patient access to medications in Ohio. I would be pleased to answer any questions you or other committee members may have at this time.