



**Senate Health Committee
Senate Bill 198 – Opposition Testimony
Wednesday, November 12, 2025**

Chairman Huffman, Vice Chair Johnson, Ranking Member Liston, and members of the Senate Health Committee. Thank you for the opportunity to provide opponent testimony on behalf of the *Ohio Health Policy Alliance*.

My name is Robert V. Miller, PHD MHA, Executive Director of OHPA. I am here to lend my voice to Ohio employers and the citizens of our state who are concerned about the rising cost of health care and the ongoing misuse/abuses of 340B throughout our state.

Senate Bill 198 proponents will tell you its purpose is to protect and help fund Ohio's Federally Qualified Health Centers (FQHCs), Community Health Centers (CHSs), and HIV/AIDS programs. While that is well-intentioned, this bill does not address the complexities of 340B, the incredible abuses of 340B (even among Original Grantees), and the lack of promised and badly needed benefits to thousands of our most needy citizens.

Importance of Ohio's FQHCs and Original Grantees

To be clear, we are supportive of FQHCs and Original Grantees. Without question, these centers are vital in both the urban and rural landscapes of Ohio where many residents have limited health care access and often encounter barriers when trying to find affordable and culturally appropriate care. These Grantees use and deserve the benefits of 340B as originally intended by the 340B Drug Pricing Program of 1992 that allows certain clinics and hospitals to purchase outpatient drugs at reduced prices for their low-income and uninsured patient populations. Unfortunately, the 1992 statute does not specify how covered entities must use 340B revenue and whether this revenue should directly benefit patients. Adding to this problem is lack of transparency and reporting requirements that raise serious integrity concerns (Mulligan, 2021).

Abuses of 340B

While the federal 340B program was designed to help FQHCs and Original Grantees stretch scarce resources and provide more comprehensive services, especially for the most vulnerable patient populations, there is substantial proof that the 340B program fails in this mission. For instance, a 2021 study found no evidence that providers entering the 340B program expanded care for underserved populations any more than entities outside the program (Desai & McWilliams). Instead, covered entities and specialty pharmacies often unfairly profit from

340B discounts, with little or no benefit to patients. These abuses have caused the cost of health care to rise for all Ohioans.

Unfortunately, navigating the complexities of 340B requires a deep understanding of its intricacies and potential pitfalls. Eligibility criteria, documentation requirements, rebate exclusions, contract terms, and the processes to secure 340B pricing are all riddled with ambiguities.

While the program offers significant cost savings opportunities for qualifying covered entities (including community health centers), it poses challenges and limited benefits for commercial employers and millions of Ohio citizens. For instance, in 2024 alone, 340B discount programs increased the cost of pharmacy services in employer-sponsored health plans by \$5.2 Billion (Sun et al., 2024). Even worse, the 340B program enables covered entities to make more money by selling higher-priced branded therapies over lower cost, readily available, biosimilars or generics.

Senate Bill 198 also protects original grantees' contract pharmacies which is a deep concern. The majority of covered entities do not have their own "in house" pharmacies and rely on contract pharmacies. There are now over 33,000 contract pharmacies participating in 340B in the U.S. Unfortunately, research shows the use of contract pharmacies has led to increased fraud and abuse including excessive profit-taking and the diversion of drugs to ineligible patients and duplicate discounts (Knox & Sarpatwari, 2025; Courts evaluate the role of contract pharmacies, 2022).

In summary, the 340B program is no longer a small, targeted program meant as a lifeline for FQHCs and Original Grantees. Instead, it has grown into a massive financial opportunity for health care providers, driving up costs systemwide without any meaningful benefit to the vulnerable communities it was intended to serve. In addition, 340B has led to massive fraud and abuse by contract pharmacies.

Recommendation

We strongly urge your committee to pause any legislation on 340B until the Ohio Legislature fully studies its impact on all Ohioans and the thousands of Ohio employers who pay over 60% of health care costs. At minimum, the state should require complete transparency from covered entities to ensure 340B dollars are used as the program intended, which is to reach vulnerable patients. Further, the abuses by Ohio's contract pharmacies should be fully investigated. Ultimately, we believe 340B's flaws should be addressed at the federal level, but in the meantime, Ohio should defer from taking steps that risk deepening the program's unintended consequences.

Thank you for the opportunity to submit this testimony.

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