



Ohio Children's Hospital Association
Saving, protecting and enhancing children's lives

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SB 263 – As Introduced
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Chairman Dolan, Vice Chair Burke, Ranking Member Sykes, and members of the Senate Finance Committee, thank you for the opportunity to testify in favor of Senate Bill 263.

Ohio has the world's best statewide network of children's hospitals – Akron Children's Hospital, Cincinnati Children's Hospital Medical Center, Dayton Children's Hospital, Nationwide Children's Hospital, UH/Rainbow Babies & Children's Hospital and ProMedica Toledo Children's Hospital. OCHA has one mission, and that mission is simple: save, protect and enhance the lives of our state's most precious asset – our children. Several of our institutions are ranked among U.S. News & World Report's best children's hospitals, and all our members are ranked best in class in the nation in various aspects of pediatric care and research.

Signed by President George H.W. Bush in 1992, the 340B Drug Pricing Program (340B) was created to enable certain hospitals and other health care providers to obtain discounted prices on outpatient drugs from manufacturers. The Health Resources and Services Administration (HRSA) oversees and administers the program, which has the goal of allowing certain providers to stretch scarce federal resources as far as possible to provide more care to more patients. According to HRSA, the average discount a covered entity receives for covered outpatient drugs ranges from 22 to 30 percent. The 340B program accounts for an extremely small proportion of total pharmaceutical sales at approximately 3 percent of the U.S. drug market and the discounts the manufacturers provide are a fraction of that amount.

In recent years, pharmacy benefit managers have attempted to, or successfully enforced, discriminatory contracts that would effectively require 340B covered entities to pass along the discount to the pharmacy benefit manager. We oppose this behavior as the intent of the 340B program is not to assist pharmacy benefit managers. OCHA supports Senate Bill 263 and its intent to prohibit this practice, ensuring all 340B covered entities retain access to the discounts through the 340B program, as intended by federal law.

Children's hospitals became eligible for the program in 2006 and officially began participating in 2009. We remain fully committed to improving program integrity and support the administration's ongoing audits and annual recertification process.

All children's hospitals in Ohio depend on the 340B program to provide needed services to vulnerable patients. By providing outpatient pharmaceuticals at discounted rates, 340B supports safety net providers in their mission to serve low-income, uninsured and under-insured patients. Our members utilize 340B savings to support a wide variety of comprehensive services that are either underfunded or entirely uncompensated, including but not limited to: integrating behavioral health primary care services specific to foster/kinship care, establishing mental health crisis units to divert families from costly emergency department services, supporting child advocacy centers for suspected cases of abuse, integrating specialty pharmacy into patient care leading to higher rates of successful drug management at home, and caring for multi-system youth regardless of their families ability to pay.

On average, more than half of all patients treated at children's hospitals are covered by Medicaid, which pays approximately 30 percent less compared to Medicare for the same procedures and considerably less than typical private insurance. Children's hospitals depend on support from programs like the 340B program to provide the necessary care its patients need and to expand vital services to the communities we serve. Thank you for your time.