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**Proponent Testimony, Ohio Senate Bill 263 (SB 263)
Ohio House Health Committee
December 8, 2020**

Chairman Lipps, Vice-Chair Holmes, Ranking Member Boyd and members of the House Health Committee:

Thank you for the opportunity to submit proponent testimony in support of Senate Bill 263. This bipartisan legislation addresses the predatory practices of some Pharmacy Benefit Managers (PBMs) who are targeting 340B Drug Pricing Program (340B program) providers through discriminatory contracts. If enacted, this legislation would prohibit the imposition of additional fees or reduction of discounts received by Ohio's 340B program providers through contracts with health insurance plans and their PBMs. Further, this legislation would protect the intent of the 340B program which is to reduce the costs of outpatient drugs for providers so those savings can then be used to address other health needs in their communities.

The 340B Drug Pricing Program supports safety net providers, such as children's hospitals, in their missions to serve low-income, uninsured and underinsured patients while reducing federal and state health care expenditures. Akron Children's Hospital is one of approximately 50 freestanding pediatric hospitals currently enrolled in the 340B program.

By providing outpatient pharmaceuticals at discounted rates, the 340B program has multiple beneficiaries as it enables enrolled providers to offer reduced-price drugs to patients, expand comprehensive health services to the underserved, and offset the impact of costs they incur from low Medicaid reimbursements. Pediatric hospitals also provide many important services without compensation, such as offering child life specialists and transportation assistance.

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 insurers. At Akron Children's, 54% of our patients are covered by Medicaid. Children's hospitals depend on the support from resources like the 340B program to provide necessary care to patients and expand access to vital services within their communities.

Akron Children's Hospital supports these efforts to enhance the integrity of the 340B program. Pediatric hospitals treat children regardless of their ability to pay, and we provide extensive support for families beyond clinical care. The current program gives children's hospitals and other providers the flexibility to stretch scarce resources, based on contractually agreed upon costs and fees, so we can respond to the varying and evolving needs of the communities we are privileged to serve. SB 263 seeks to sustain that flexibility by prohibiting PBM managers and others from diverting 340B program savings to their own benefit rather than to the benefit of patients and communities in our state through the provision of essential services that are so desperately needed.

Thank you for providing this opportunity for me to share my perspective, and I respectfully request that this committee favorably report SB 263.