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**Senate Finance Committee
Testimony on Senate Bill 263
November 10, 2020**

Chairman Dolan, Ranking Member Sykes and Members of the Senate Finance Committee, my name is Jonathan Lee, and I am the CEO of Signature Health Inc. Thank you for the opportunity to provide proponent testimony on Senate Bill 263.

Signature Health is a Federally Qualified Health Center, or Community Health Center, in Northeast Ohio, with seven sites located in the cities of Ashtabula, Painesville, Mentor, Willoughby, Beachwood, Maple Heights, Lakewood, and Cleveland. Our service area is urban, suburban and rural and covers over 1,000 square miles. In 2019, Signature Health saw over 27,000 unduplicated patients, with a total uninsured population of 13% (3,617 patients-this figure does not include under-insured patients). Over 12,000 of the unduplicated patients (45% of our total patient count) fell under the 100% FPL. Almost 60% of all patients at or below 200% of poverty.

Signature Health is committed to providing medication to our patients at an affordable rate. Those uninsured patients with incomes below 200% of poverty have access to discounted medication at our facility using an income-based sliding scale. The 340B Federal Discount Drug Program makes these discounts possible. We use remaining 340B savings to expand access to other specific services that we would not otherwise be able to provide. For example, with help from the 340B savings, we have expanded opioid addiction treatment services and supports, provided Infectious Disease Treatment to combat HIV and Hepatitis, and expanded our sites and reach into the underserved areas of northeast Ohio including expanding our hours of operation.

Signature Health's mission is "to put good health within reach of all our community members through comprehensive mental health, medical, and support services essential for optimizing the well-being of mind and body." In addition to being consistent with our mission, by law we must use all savings resulting from participation in 340B to expand our patients' ability to access to medication and other services. Specifically, section 330(e)(5)(D) of the Public Health Service Act, as well as the regulations governing our Federal grant, require that every penny of savings resulting from our participation in 340B is used for purposes that expand access to care for our patient population.

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Pharmacy Benefit Managers (PBMs) are targeting 340B providers with discriminatory contracts that are essentially “pick-pocketing” the 340B savings from covered entities to enhance their profit margins.

Signature Health operated on site pharmacies for several years prior to becoming an FQHC and therefor eligible for 340B. When we became a 340B covered entity, we received several mandatory contract amendments that lowered the reimbursements only for 340B eligible prescriptions. The most egregious example I have seen was from Humana PBM. Unfortunately, these contracts are subject to confidentiality (“gag”) provisions, which I know the legislature is familiar with in its own experience with PBMs.

SB 263 prohibits the predatory “Pick-Pocketing” practice of imposing fees and/or reducing reimbursement to Ohio 340B providers - simply because they are a 340B provider and payers know there is a margin of savings to target. The bill protects the intent of the 340B Program by ensuring these savings are directed to our most vulnerable – the patients Signature Health and all of the other Community Health Centers across Ohio serve - and not PBMs.

Thank you for your time and consideration for SB 263, I am happy to answer any questions you have at this time.

Jonathan Lee, CEO

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