



October 20, 2021

To: 2021 Special Committee on Federal 340B Drug Program

From: Health Ministries Clinic

Re: Federal 340B Drug Pricing Program

Chair Concannon, Vice Chair Erickson, and members of the 2021 Special Committee on Federal 340B Drug Program:

Thank you for the opportunity to present written testimony on this vital issue. I am the CEO at Health Ministries Clinic, a Community Health Center serving Harvey County and surrounding communities. I not only represent myself but my colleagues at Community Health Centers throughout the state who are on the front lines working to ensure that all Kansans have access to high quality healthcare no matter their income or insurance status. Community Health Centers not only serve as the safety net provider for many of our state's most vulnerable populations but also act as powerful economic engines in the communities we serve, especially in the rural areas of our state.

Under Section 340B of the Public Health Service Act, it bears repeating that in exchange for having their medications covered by Medicaid and Medicare, the pharmaceutical manufacturers agreed to provide front end discounts on covered outpatient drugs purchased by eligible covered entities that disproportionately serve the nation's most vulnerable populations. We are concerned about antagonistic business practices by intermediaries called Pharmacy Benefit Managers, or PBMs, that threaten to alter this agreement and weaken the 340B program fundamentally. These practices range from discriminatory pricing agreements to "steerage contracts" that serve to shut out 340B pharmacies from filling certain medications.

In the most basic terms, we are concerned that if left unchecked, resources intended to meet the needs of Kansans will be diverted to out-of-state corporations. If the 340B program is weakened this will unequivocally impact the ability of Kansas healthcare providers to meet the needs of the vulnerable populations we serve and ultimately have negative economic consequences on our state.

The legislative solutions we seek not only strengthen the healthcare infrastructure in Kansas and work to protect access to care for many of its most vulnerable citizens but also make pure economic sense for our state. To date, 16 other states, many with similar philosophical profiles to Kansas, have already taken steps to do just this. We believe that legislative action to simply preserve a program intended to stretch scarce public resources is both Pro-Kansas and Pro-Kansas Business. We desire to ensure that the benefits of the 340B program are both protected



and utilized in the manner for which they were intended. We want to ensure that this money stays in Kansas to help clinics in your communities treat and serve your friends and neighbors.

The 340B program allows entities like Community Health Centers to do two critical things. First and foremost, it gives us a mechanism to help guarantee that our patients, who disproportionately include uninsured, underinsured, and those with Medicaid, can obtain medications ordered by their physicians. This eliminates our patients from having to make the all too real choice between filling their prescription and paying rent or buying groceries. This is a powerful resource that has a profound impact on the lives of those we serve.

In addition, the 340B program allows us to benefit our patients in a second significant way. The payments for medications we receive are cycled back into services designed to benefit all of the patients we serve, including those with Medicaid. This helps support things like integrating primary care and behavioral health, case management, diabetes education, transportation, and other assistive services that help break down barriers to care but often don't have a means of reimbursement. These benefits are often magnified in the many rural communities in which we serve.

You cannot overstate the importance of the 340B program to safety-net clinics. It would be hard to identify a more disruptive and destabilizing action to the health center network currently serving 1 in 10 Kansans than to allow the resources of this program to be fundamentally altered.

The community health center program is one of the most widely bi-partisan supported healthcare programs in the country. Why? Because it works. Community Health Centers consistently produce high-quality outcomes and save the healthcare system money. The 340B program has served as a cornerstone of these efforts for over 30 years. This program is now, needlessly, being placed at risk. We ask for your assistance in providing a legislative solution to support Kansas Community Health Centers in continuing to effectively meet our mission to serve the individuals living in this great state.

Sincerely,

Matthew Schmidt, LSCSW
Chief Executive Officer
316-281-7314 (direct)
mschmidt@hmeks.org