



Centralia | Coming | Frankfort | Holton | Onaga | St. Marys | Westmoreland

Chair Concannon and Members of this Committee,

Thank you for the opportunity to testify before you today regarding a program that is vital to Community HealthCare System and the communities we serve. As the Pharmacy Manager and 340B Director, I work with doctors and nurses throughout our system to assist patients with their medication needs, whether those needs are pharmacological or financial. Our service area encompasses a four-county area in northeast Kansas, with our main location in Pottawatomie County. We also have clinics in Marshall, Nemaha, and Jackson County.

Community HealthCare System (CHCS) is a Critical Access Hospital that became eligible for 340B in 2010. When I started working with this program in 2017, it was just part of my job. After seeing how beneficial this program is to patients, hospitals, and contract pharmacies, it has become something I am passionate about. Soon after the program was established, CHCS realized that we can do the best for our patients by establishing a contract pharmacy relationship in each of the communities that we serve. This allows us to pass along the 340B discount to our patients who can't afford their prescription medications and enables them to obtain those medications in their home communities. From 2017 to 2020, we had grown from three contract pharmacy relationships to eight. In August 2020, drug manufacturers began to challenge the guidance related to multiple contract pharmacies from the Health Resources and Services Administration by no longer offering the 340B discounted price to covered entities with contract pharmacies. For hospitals **without** an in-house pharmacy, like CHCS, some manufacturers allowed the hospital to select **only one** pharmacy where the 340B discount could be retained. By January 2021, all insulin manufacturers were no longer offering the unrestricted 340B discount at contract pharmacies. Ten manufacturers are now limiting access to 340B discounted drugs to covered entities at contract pharmacies. This means that patients suffer because they must choose between paying higher prices, traveling to another town for crucial medications, or going without medications. This policy also hurts local small-town pharmacies, which typically operate on thin margins and provide a vital service to rural residents.

Lawsuits are pending related to pharmaceutical manufacturers no longer offering the 340B discount to contract pharmacies. I share those issues with you primarily to illustrate that the 340B Drug Pricing Program, which is incredibly beneficial to the health of many Kansans, is under attack. The issue on which I would like to request your assistance is relating to Pharmacy Benefit Managers, or PBMs. Simultaneous with pharmaceutical manufacturers' attack on 340B

contract pharmacies are the discriminatory acts of PBMs. These discriminatory acts include reduced reimbursement for 340B medications and increased administrative reporting of 340B claims. Pharmacies in Kansas, particularly independent pharmacies, have suffered tremendously at the hands of PBMs. They have been subject to reimbursement 'clawbacks,' contracting that sends their patients to mail-order pharmacies, burdensome auditing, and inadequate reimbursement. They are not optimistic about new 340B reporting requirements. It is apparent that the intentions of these discriminatory acts are to transfer the net savings from the 340B covered entity that must meet eligibility requirements to the PBM directly. Please join the other states that have passed legislation to protect the 340B program.

I'm attaching to this letter a handout that demonstrates how these attacks have impacted Community HealthCare System.

Thank you very much for the opportunity to speak with you on behalf of a program that is so important to patients and hospitals in Kansas.

Submitted by:

Hali Brown, PharmD, BCPS

Community HealthCare System



340B changes hurt northeast Kansas patients

- **Pharmaceutical companies made unilateral changes to 340B during a global pandemic** when rural healthcare systems were struggling to navigate the challenges associated with COVID-19.
- Efforts to **limit the number of contract pharmacies** through 340B threatens relationships with local pharmacies and decreases patients' access to affordable medications.
- **Community HealthCare System closed emergency room and hospital services in St. Marys**, partially a result of decreased 340B savings.
- **Community HealthCare System provides primary care and other healthcare services** such as physical therapy in a four-county area. Without our facilities, rural residents would have to travel long distances to obtain care.
- **Loss of funding jeopardizes programming** previously funded through 340B savings such as Mental Health First Aid.

ABOUT COMMUNITY HEALTHCARE SYSTEM

CHCS is a nonprofit health system in rural northeast Kansas with:

- 30 physicians and practitioners
- 1 hospital
- 7 family practice clinics
- 2 nursing homes
- 1 assisted living unit
- 3 fitness centers

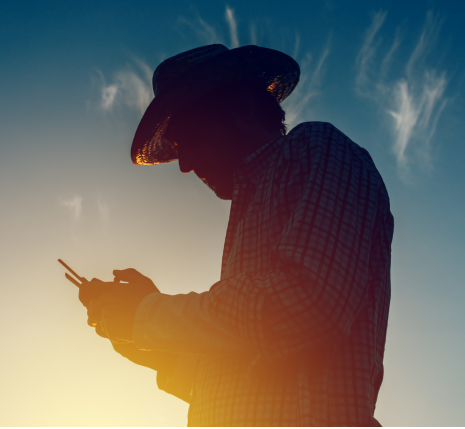
Our more than 450 employees seek to live our mission each day: *To Enrich the Health and Lives of the People We Serve.*



Community
HealthCare System
NE Kansas



WWW.CHCSKS.ORG



In fiscal year 2021, Community HealthCare System:

- **Lost nearly half a million dollars in 340B support.** The last six months of FY 2021, when manufacturer changes were in effect, saw a 60% decrease in 340B savings each month.
- **Saw a 42% increase in pharmaceutical expenses** compared with FY 20. 12% of that increase was on Remdesivir, a medication used to treat hospitalized patients with COVID-19.
- **Absorbed \$1,372,533.83** in uncompensated care/bad debt. (Note: This is an unaudited amount.)

**340B changes are endangering
healthcare for already
underserved rural Kansans.**



Community
HealthCare System
NE Kansas

COMMUNITY- BASED PHARMACIES

Medical Arts Pharmacy
Seneca, KS

Medical Pharmacy
Holton, KS

Onaga Pharmacy
Onaga, KS

St. Marys Pharmacy
St. Marys, KS

Wal-Mart Pharmacy
Topeka, KS
Marysville, KS
Holton, KS



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