

March 17, 2025

Financial Institutions and Insurance Committee
Kansas State Senate
c/o Sen. Brenda Dietrich, Chair
Room 223-E

Re: Senate Bill 284 (340B drug distribution)

Senator Dietrich and Members of the Financial Institutions & Insurance Committee:

On behalf of the Healthcare Distribution Alliance (HDA), the national trade association for pharmaceutical wholesale distributors, **I am writing to express our support of an amendment to remove wholesale distributors from the bill language for the reasons noted below.** I would like to thank Senator Murphy for his attention to these concerns and urge the committee to adopt the amendment. With the adoption of an amendment, HDA is neutral on the underlying legislation.

In their role as a wholesale distributor, HDA members do not manufacture, market, prescribe or dispense medicines, nor do they set the list price of prescription drugs, set third party payor reimbursement or coverage for prescription drugs, influence prescribing patterns, or determine patient-benefit designs. Wholesale distributors work under contract with pharmaceutical manufacturers. **Wholesalers do not determine or control access to the final 340B price determination.** Manufacturers participating in 340B drug discount program determine the price for their drug products and provide this price to the wholesaler. Any stipulation regarding the delivery or distribution of a 340B product is solely determined by the manufacturer, and these decisions are dictated to the wholesaler.

Furthermore, prohibiting wholesale distributors from restricting a pharmacy's acquisition of a controlled substance could potentially lead to a conflict with their requirements under the U.S. Drug Enforcement Administration (DEA) regulations and the national opioid settlement injunctive relief requirements. These provisions require wholesalers to maintain effective controls against diversion and, in certain circumstances, investigate or cancel controlled substance orders that are deemed suspicious. The inclusion of wholesalers within the language would place the industry in an untenable position, having to either comply with federal law and injunctive relief requirements or follow state law.

For these reasons, we urge the committee to adopt an amendment to exclude wholesale distributors from the bill. With the adoption of the amendment, we believe the intent of the legislation remains intact while avoiding any unintended consequences that could result from the inclusion of wholesale distributors. We are happy to help answer any questions or provide any necessary follow-up information.

Sincerely,

Bryan Hannon
Director, State Government Affairs