

Senate Committee on Financial Institutions and Insurance
Senate Bill No. 284 – The Defense of Drug Delivery Act
Proponent
2/17/2025

Honorable Chairwomen and members of the Senate Committee on Financial Institutions and Insurance,

I appreciate the opportunity to speak before you today and I pray my comments will encourage you to support and pass Senate Bill No. 284 (The Defense of Drug Delivery Act) out of committee.

Since 1992 the 340B Drug Pricing Program (340B program) has made it possible for millions of underserved Americans to gain access to discounted drugs and comprehensive healthcare services that they would not otherwise be able to afford.

In addition to providing low-cost drugs to the underserved, the 340B program allows covered entities such as my health center to provide access to affordable medical, dental, vision and mental health services. In some instances, these services are provided for free to patients at **no cost** to taxpayers because the program is funded from discounted drugs provided by drug manufacturers.

For nearly three decades the 340B program functioned without disruption. Then in the fall of 2020, drug manufacturers began a targeted assault on 340B contract pharmacy arrangements by refusing to deliver 340B discounted drugs, purchased by covered entities, to contract pharmacies. Today, nearly every drug manufacturer places conditions on delivery of 340B drugs to contract pharmacies or simply refuses to deliver the 340B drugs at all. The protections afforded to contract pharmacy arrangements by SB 284 are vitally important due to the actions of drug manufacturers which are putting access to care at risk for so many Kansans.

Big Pharma continues to target contract pharmacy arrangements, believing they are to blame for the increasing discounted drug purchases. In his testimony before the North Dakota House Industry, Business and Labor Committee, William Reid from Eli Lilly stated the 340B program has expanded exponentially. While drug manufacturers cite a statistic that in 2023 the 340B program reached \$66.3 billion dollars in discounted drug purchases,¹ what they fail to share is that drug manufacturers are the main driver of this increase because they charge U.S. purchasers of drugs up to 1,000% more than they do purchasers in other countries.² This results in larger 340B discounts, inflating the cost of the 340B program. Plainly stated, when it comes to the 340B program, drug manufacturers are costing themselves money.

Considering that the 340B Drug Pricing Program amounts to just 4% of the \$1.6 trillion pharmaceutical industry market revenue³ and that drug manufacturers subsidize other countries' drug prices by making drugs in the United States more expensive,⁴ one can only conclude that contract pharmacies are **not** the problem. Contract pharmacies are the **solution**. Even with contract pharmacies, some patients in Reno County drive 40 miles one way to gain access to their medications.

Drug manufacturers would have you believe that 340B drug delivery state laws are preempted by the 340B statute – Title 42 U.S.C. 256b. Laws protecting drug delivery to contract pharmacies in the states of Arkansas, Louisiana, Mississippi and Maryland have all been upheld by state courts. The United States Court of Appeals for the Eighth Circuit upheld Arkansas' drug delivery law, Act 1103 and the

United States Supreme Court refused to hear the pharmaceutical industries' challenge to the Eighth Circuit's decision, leaving in place the decision to uphold Arkansas' drug delivery law. It is clear the intent of Congress was to address drug pricing while state laws like Arkansas' govern delivery.

In conclusion, I would like to refer you to the map I included with my testimony. This map details a healthcare safety net of 85 clinics and 91 hospitals who utilize 388 contract pharmacies across Kansas to provide access to low cost 340B drugs. Note the vast majority of safety net participants are located in rural and frontier areas.

Respectfully, committee members, this safety net is already fragile. Without 340B contract pharmacy protections this safety net will collapse leaving many vulnerable Kansans without low-cost medications and access to comprehensive healthcare services. That is why Senate Bill No. 284 may be the most consequential bill this legislative session. I respectfully request that you pass it out of committee. Contract pharmacies are **not** the problem, they **ARE** the solution.

Thank you for the opportunity to speak before you and I will stand for questions at the appropriate time.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Bryant Anderson".

J. Bryant Anderson, CEO
PrairieStar Health Center
Hutchinson, Kansas

¹ <https://www.hrsa.gov/opa/updates/2023-340b-covered-entity-purchases>

² <https://aspe.hhs.gov/sites/default/files/documents/8e057b0a094e6f9b9d01171fce6698f4/international-price-comparisons.pdf>

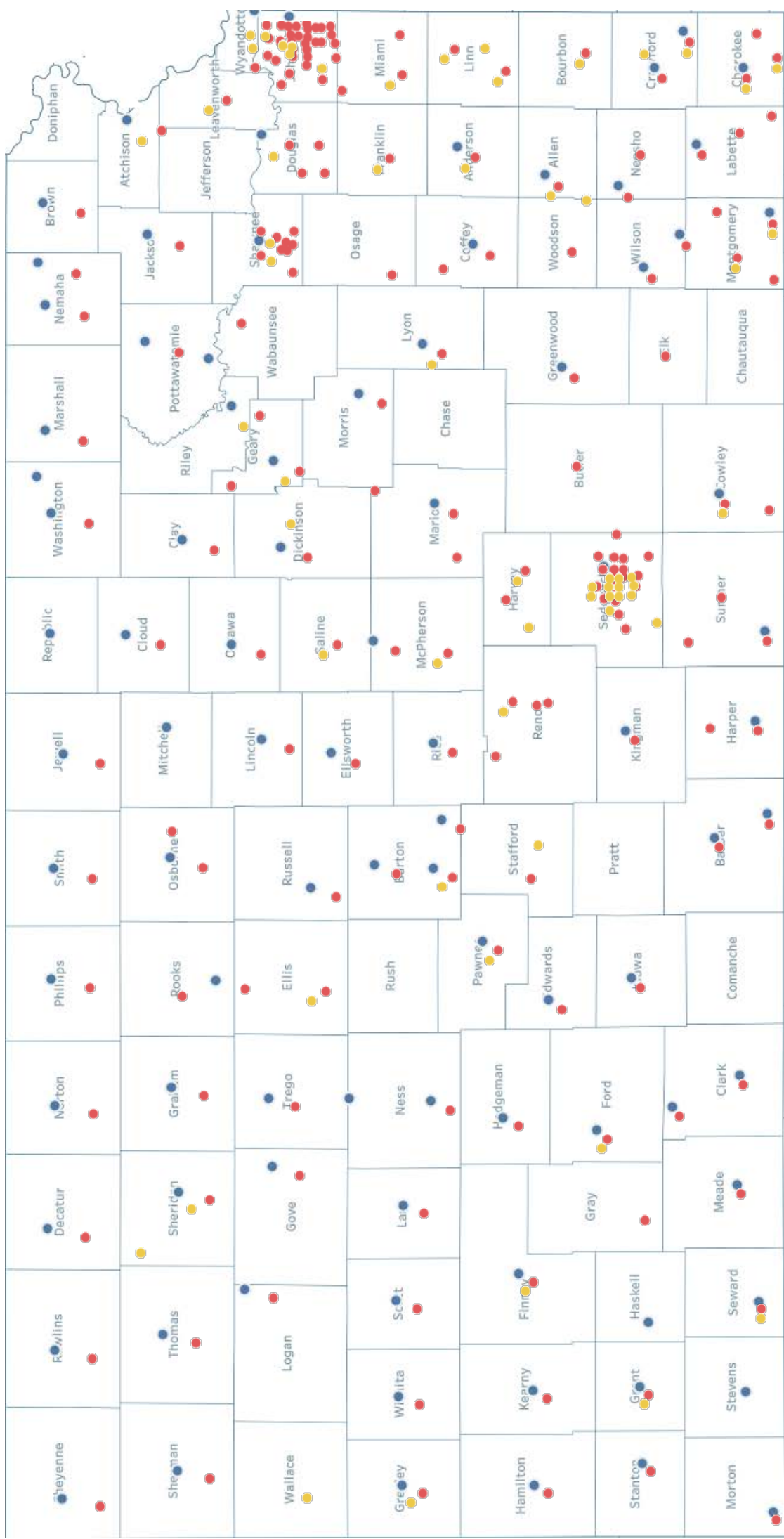
³ <https://www.statista.com/statistics/263102/pharmaceutical-market-worldwide-revenue-since-2001/>

⁴ <https://reason.org/commentary/how-america-subsidizes-medicine-across-the-world/>

Kansas 340B Hospitals, Clinics and Pharmacies

Total number of participating entities by type:

- Clinic 85
- Hospital 91
- Pharmacy 388



Source: HRSA Office of Pharmacy Affairs.
<https://340bopais.hrsa.gov/home>