

Proponent Testimony for SB284
Senate Committee on Financial Institutions and Insurance
March 17, 2025
Derek Pihl
Chief Pharmacy Officer, Salina Family Healthcare Center

Dear Chair Dietrich, Vice Chair Fagg, and members of the Senate Committee on Financial Institutions and Insurance,

Salina Family Healthcare Center (SFHC) appreciates the opportunity to express its support for Senate Bill 284. As a Federally Qualified Health Center (FQHC) located in Salina, SFHC provided comprehensive services including medical, dental, behavioral health, pharmacy, eye care, and outreach to 11,438 patients in 2024. The 340B Drug Pricing Program enables SFHC to offer low or no-cost patient services and prescription drugs. Therefore, SFHC strongly endorses SB284, which would restore how the 340B Program was designed to benefit the patients of safety net providers (covered entities) and their contracted community pharmacies in Kansas.

The 340B Program is a tax-free federal program that was signed into law in 1992. The concept of the program is simple – drug manufacturers must sell their medications at or below a calculated 340B ceiling price to eligible covered entities in exchange for their drugs being covered on Medicaid and Medicare Part B. The 340B discounted price is used by covered entities to increase patient access to affordable medication and services.

Historically, drugs acquired through the 340B Program could be utilized for patients at pharmacies owned by covered entities or at pharmacies contracted (contract pharmacies) with these entities. However, in 2020, drug manufacturers began to interfere with this arrangement when Eli Lilly announced that its drug Cialis would no longer be permitted for use at contract pharmacies under the 340B Program. This restriction was soon extended to additional drugs and other manufacturers, resulting in a total of 37 drug manufacturers implementing such policies as of this writing. Some manufacturers have policies enabling limited access to their drugs at a restricted number of contract pharmacies, contingent upon the submission of extensive data to a manufacturer-backed website, granting them broad rights over the use of this data.

The contract pharmacy restrictions have significantly impacted SFHC patients, our community, and our contract pharmacy partners. In fiscal year 2024, SFHC saved its eligible patients \$6.7 million on prescription medications compared to the cash price, through its health center program discount for patients at or below 200% of the Federal Poverty Level and/or through manufacturer assistance programs that 340B-supported staff helped patients enroll in. The instability of contract pharmacy access jeopardizes the availability and sustainability of these discounts. Furthermore, 340B-supported services, such as nutrition programs, have also been affected at SFHC. As contract pharmacy restrictions intensified in 2022, SFHC faced the difficult decision not to rehire for a dietitian position following an employee departure due to the uncertainties with 340B contract pharmacies. Consequently, SFHC patients no longer have access to this service.

These contract pharmacy restrictions and data submission requirements not only reduce the 340B benefit available to help our patients, but they also increase costs for our center. To try to compensate for the loss of contract pharmacies and spare further loss of services and discounts, SFHC had to hire a new FTE staff member and direct significant resources to adhere to various manufacturer policies. Claim data and contract pharmacy designation requirements differ widely among manufacturers, making it nearly impossible to comply without dedicating staff to their required tasks.

Additionally, independent local community contract pharmacies have experienced collateral impacts. Certain drug manufacturers have implemented policies that require covered entities to select a single pharmacy for the fulfillment of 340B prescriptions, thereby excluding all other contract pharmacy locations. Under these circumstances, smaller local independent pharmacies with lower prescription volume are often the ones excluded. For manufacturers that do not permit even a single contract pharmacy designation, covered entities such as SFHC are forced to essentially compete with their local contract pharmacies to direct prescriptions to their own pharmacies where no restrictions apply.

In conclusion, SB284 is desperately needed to restore how the 340B Program functions to ensure safety net providers like SFHC and local independent community pharmacies in Kansas can continue providing affordable healthcare services and medications to their patients. Voting to pass SB284 out of committee will help stabilize access to necessary medications and services, ultimately benefiting the health and well-being of Kansas communities at no expense to taxpayers.

Sincerely,



Derek Pihl, PharmD, 340B ACE
Chief Pharmacy Officer