

Good Morning, my name is Katelin Lucariello, Deputy Vice President of State Policy for the Pharmaceutical Research and Manufacturers of America, Thank you for having me here today to offer testimony in opposition to Senate Bill 284. PhRMA agrees that it is important to ensure the 340B program truly benefits the safety net that helps underserved communities in Kansas and is committed to this crucial federal program, but respectfully disagrees that this legislation will serve that purpose.

The federal 340B program was established by Congress in 1992 to help safety-net entities access affordable drugs to treat their low-income and uninsured patients. Due to weak oversight, the program has expanded in a way that has allowed covered entities to divert to their own benefit money intended to help patients get better care and afford their medicines. As a result, the 340B program has changed and grown dramatically since its establishment, yet charity care at 340B hospitals has declined below national averages. 88% of Kansas hospitals fall below the national average for charity care.

The 340B program is a comprehensive federal program that is governed exclusively by federal law. States do not have the authority to create new requirements that are not in the federal statute or that conflict with the statute. Significant reform is needed to ensure that the program is benefitting the patients that it is intended to serve. This reform must occur at the federal level to systemically address the problems that have permitted the program to stray from its original intent which is why PhRMA is 100 percent on the record and part of a coalition seeking reforms at the federal level.

Senate Bill 284 would exacerbate existing problems in the program by forcing manufacturers to ship 340B drugs and extend 340B pricing to contract pharmacies, which are not mentioned in the federal 340B statute and have become significant revenue generators for certain covered entities, profit-motivated chain pharmacies, PBMs, third-party administrators, data vendors, and other middlemen. The bill's provisions directly conflict with the federal 340B program's rules and enforcement regime and restrict manufacturers' ability to impose reasonable conditions that are allowed by the federal 340B statute on sales of covered drugs. The requirements in this bill benefit the thousands of contract pharmacies that are located out-of-state and large chain pharmacies, not patients. Kansas's 340B hospitals have 1,725 contracts with pharmacies, 880 are out of state.

In addition, whether manufacturers can be required to ship 340B drugs to contract pharmacies is currently being litigated in several federal courts across the country.

Rather than policies that would enhance the bottom line of supply chain stakeholders, patients need concrete reforms that will help lower the price they pay for medicines at the pharmacy, such as making monthly costs more predictable, making cost sharing assistance count, and sharing negotiated savings on medicines with patients.

PhRMA is committed to safeguarding the 340B program and supports efforts to ensure that it serves the communities that depend on it. However, we believe this legislation will not further that goal. I appreciate your time today and respectfully ask for your no vote on Senate Bill 284.