

To the Senate Committee,

My name is Kevin Mills and I am the President and CEO of AdAstra BIO and BioKansas, non-profit organizations representing the biotechnology industries, bioscience education, and biomedical service providers in Kansas. Collectively our two organizations promote biosciences companies and educational institutions doing business in Kansas, at every scale from startups to global enterprises, from K-12 schools through advanced degree programs. I am grateful to represent AdAstra BIO and BioKansas and to communicate our opposition to Senate Bill 284, which would expand the 340b drug pricing discount program in a manner that would fail to benefit patients, would unduly burden employers, and would restrain future biomedical R&D.

The 340b program is a federal program created in 1992 to promote affordable access to drugs for low-income, and other at-risk, patients. The program's intent is to enable 340b entities to purchase drugs from manufacturers at discounted prices to stretch limited funds in resource-constrained clinics and pass those cost savings on to patients who need them. Since its inception the 340b program has expanded significantly, and in unintended ways that have seen the cost savings meant for patients instead be diverted toward institutional profit margins.

Senate Bill 284 would result in a challenging expansion of the program by requiring drug manufacturers to provide 340b pricing to contract pharmacies, and to limit visibility into the reimbursement claims supporting the discounts. While we are supportive of initiatives that expand drug affordability to more patients, especially low-income and uninsured patients, SB284 would have the opposite effect. Expansion of the requirement to contract pharmacies will lead to higher profit margins for covered entities without seeing the cost savings significantly passed on to patients. This, coupled with the likelihood of reduced manufacturer rebates, risks leading to a net increase in overall drug pricing.

As many of the companies we represent are self-insured employers we are concerned that SB284 will also lead to increased costs and financial damage to employers because of the diversion of prescription drug discounts and the net increase in drug pricing. Finally, we believe that the vast expansion of 340b discount requirements, together with a lack of transparency in reimbursement claims, will also constrain future biomedical R&D by manufacturers and others. This will slow the pace of medical discovery and the future benefits to patients.

AdAstra BIO and BioKansas serve the citizens of the state of Kansas and support programs that secure affordable access to medicine and promote Kansas businesses and employers. SB284 will not meaningfully advance these goals and indeed could be harmful if enacted. I thank you for the opportunity to share our opposition to this legislation and stand ready to answer any questions.

VOTE NO ON SB 284!

KNOW THE FINANCIAL IMPACT BEFORE YOU VOTE FOR THE CONTRACT PHARMACY MANDATE

A 2025 financial impact report from IQVIA analyzed the cost of forgone rebates to employers and state/local governments. The report also quantified the additional cost of forgone rebates under a contract pharmacy mandate for employer and state/local plans, which is what SB 284 would do.

A “YES” vote on this harmful legislation means an additional...



\$22 million cost to employers



\$4 million cost to taxpayers



**\$109 million total cost to KS
employers and taxpayers**

