



Senate Committee on Financial Institutions and Insurance
Opponent Testimony on Senate Bill 284
Presented by William Wilk, Senior Director of Government Affairs

Monday, March 17, 2025

Madam Chair and members of the committee, my name is William Wilk, Senior Director of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium, and large-sized businesses across the state advocating for policies to improve the economic climate in Kansas. The Kansas Chamber appreciates the opportunity to submit opponent testimony on Senate Bill 284, a bill prohibiting manufacturer interference relating to 340b drug distribution.

The 340b drug program is a drug discount program, established by the federal government, requiring drug manufacturers participating in Medicaid to sell outpatient drugs at a discounted price to health care organizations for uninsured and low-income patients. There are specific criteria for a hospital to be eligible to participate in the 340b drug program such as being a non-profit entity, a federally qualified health center (FQHC), disproportionate share hospital (DSH), or a pediatric only hospital.

The program allows these healthcare organizations, considered 340b hospitals, to stretch limited federal resources to reduce the price of outpatient pharmaceuticals for patients and expand health services. The hospitals use the savings provided by the 340b program to provide services for uninsured patients, offer free vaccines, mental health clinics, and implement medication management and community health programs.

Senate Bill 284 is direct government intervention into pharmaceutical manufacturers' ability to manage their distribution. This mandate could lead to increased operations costs, increasing the cost of these drugs. If the cost of these drugs increases the price will be passed down to the patient which could lead to increased insurance premiums and coverage on employers. In 2019, according to the Kansas Health Institute it was estimated 55.6% of Kansans obtained their health insurance through a private or public sector employer.

Employers and the government have seen the loss of forgone rebates of the 340b program. From a study conducted by IQVIA it is estimated that forgone rebates on prescriptions filled with 340b pricing increased Kansas commercial employer costs by over \$69 million by plans in 2023. On Kansas State and local government plans the cost increase was \$13 million.

If Senate Bill 284 were to become law, it is estimated this bill would further increase costs on Kansas commercial employers by \$21.6 million and \$4.2 million on Kansas state and local government plans.

In closing, this legislation is an unnecessary mandate on pharmaceutical manufacturers involving a federal program that could be subject to change with the new administration. Thank you for the opportunity to testify in opposition to Senate Bill 284, and I am happy to answer any questions you might have at the appropriate time.