



THE UNIVERSITY OF KANSAS HEALTH SYSTEM

Hospital Executive Office

To: Senate Financial Institutions and Insurance

From: John Worden, Executive Director System Integration for Clinical Operations

Reagan Cussimano, Director of Governmental Affairs

Date: March 17, 2025

Subject: Senate Bill 284

Chairwoman Dietrich and Members of the Senate Financial Institutions and Insurance Committee,

Thank you for the opportunity to offer written testimony in support of Senate Bill 284, which aims to protect the vital federal 340B Drug Pricing Program in Kansas. This legislation is a critical step in preserving the intent of the 340B Drug Pricing Program, ensuring health care providers, including rural and urban hospitals, and federally qualified health centers (FQHCs) can continue to stretch scarce resources and provide essential healthcare services. While other testimony has and will cover the technical aspects of the 340B contract pharmacy provision, we want to focus on the history of the program and why passage of SB 284 is important to the Kansas health care system and necessary to achieve the reform desired by most stakeholders.

The 340B Drug Pricing Program was established by Congress in 1992 as part of the Veterans Health Act (Public Law 102-585). It was created as a compromise between pharmaceutical companies and the federal government to ensure safety-net providers could obtain prescription drugs at discounted prices. Before the 340B Drug Pricing Program, Congress passed the Medicaid Drug Rebate Program (MDRP) in 1990, which allowed pharmaceutical companies access to the Medicaid market if they offered drug rebates. Because Medicaid was a major drug purchaser, and pharmaceutical manufacturers did not want to be excluded from Medicaid reimbursements, they offered the drug rebates. **Congress recognized that nonprofit hospitals, clinics, and community health centers also needed drug discounts**, not just Medicaid. From this recognition, the 340B Drug Pricing Program emerged. The program requires drug manufacturers to sell outpatient drugs at discounted prices to eligible safety-net providers. In return,

pharmaceutical companies were allowed to continue participating in Medicaid and Medicare Part B *without additional pricing restrictions*. Simply stated, pharmaceutical manufacturers voluntarily agreed to participate in 340B because of the access to Medicaid and Medicare Part B markets and since Medicaid and Medicare Part B are among the largest drug purchasers, manufacturers wanted access to these markets. Additionally, the 340B program allows drug manufacturers to sell at discounted prices *while maintaining overall pricing flexibility*. What does this mean? Pharmaceutical manufacturers were able to retain their ability to set drug prices in most markets without government-imposed price controls, apart from specific programs like Medicaid, Medicare, and 340B. Even though pharmaceutical companies provide discounts to 340B entities, they can and still charge full market price to private insurers, commercial pharmacies, and consumers.

Fast forward to 2010, with the passage of the ACA (Affordable Care Act). The Affordable Care Act (ACA) of 2010 expanded the 340B Drug Pricing Program, increasing the number of hospitals and healthcare providers eligible for drug discounts by adding children's hospitals, free standing cancer hospitals, sole community hospitals, critical access hospitals and rural referral centers. This expansion increased the number of hospitals benefiting from 340B discounts, especially in rural and underserved areas. Before the ACA, hospitals and clinics could only use one contract pharmacy to distribute 340B drugs. The ACA allowed covered entities to contract with multiple outside pharmacies, **making it easier for patients to access medications**. Once again pharmaceutical manufacturers benefited from the large expansion of the Medicaid population and the creation of the federal health exchange and, once again, agreed to the inclusion of the 340B expansion and supported the passage of the ACA.

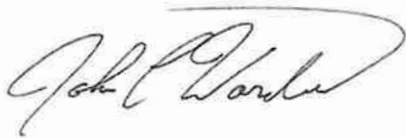
With more eligible health care entities and more patients needing access to drugs, for-profit pharmaceutical manufacturers have been seeking in recent years to limit their discounts through practices that undermine the program's intent. These include **denying shipments of 340B drugs to contract pharmacies, imposing burdensome data reporting requirements, and limiting access to essential medications**. Hospitals and federally supported clinics and health centers continue to challenge these practices at the state level and have prevailed as the courts have determined states have the authority to pass and enforce legislation which would prevent pharmaceutical companies from discriminating against hospitals and federally supported clinics and health centers. Senate Bill 284 is a necessary response to these harmful actions. It will prohibit drug manufacturers from denying 340B covered entities access to a manufacturer's

products if the entities use contract pharmacies. This protection is crucial for maintaining the integrity of the 340B program and ensuring that Kansas healthcare providers can continue to serve their communities effectively. By passing Senate Bill 284, Kansas would join the ranks of states taking proactive steps to protect their healthcare systems and vulnerable populations. This bill is not just about maintaining a program; it is about ensuring that Kansans have access to comprehensive healthcare services.

Absent federal reform, legislation like Senate Bill 284 is necessary to ensure continued access and fairness for 340B hospitals, FQHCs and community health centers in Kansas. The question is simple: Should the discount dollars come back to the covered entities in our state to be utilized to support healthcare across our state or should pharmaceutical manufacturers keep the discount dollars to grow their respective profits?

We urge you to support Senate Bill 284 and protect Kansas hospitals, FQHCs and other covered entities participating in the 340B Drug Pricing Program. Thank you for your consideration of this critical issue.

Sincerely,

A handwritten signature in black ink, appearing to read "John Worden". The signature is fluid and cursive, with a large loop at the end.

John Worden, PharmD, MS, BCPS
Executive Director System Integration for Clinical Operations

A handwritten signature in black ink, appearing to read "Reagan Cussimano". The signature is cursive and somewhat stylized.

Reagan Cussimano, JD
Director of Government Relations



March 13, 2025

Committee on Financial Institutions and Insurance,

As the Chief Executive Officer of Trego County Lemke Memorial Hospital, the 340B program is critical to providing patients with the care they need. Healthcare access is important to Kansas citizens, and the 340B program is important to ensuring access to care for your constituents.

While the legislature added language in the 2024 budget bill to protect local pharmacies, hospitals, and clinics, the drug manufacturers recklessly disregarded the legislative intent and continued exploiting the lack of enforcement mechanisms by telling our hospitals that they can only contract with one pharmacy.

When this happens, hospitals have to choose one pharmacy for 340B. These actions hurt local pharmacies and patients.

At our hospital, the following programs are supported through 340B savings:

The 340B Program helps Trego County Lemke Memorial Hospital treat more patients, stretch limited resources, and provide more services to patients and does not use taxpayer funds. In particular, the 340B program has enabled us to add a full-time Behavioral Health Nurse Practitioner to our staff. As a part of our Behavioral Health Service Line, we are the only facility in Western Kansas that offers Autism Testing and ADHD Testing. A cut to the 340B Program not only threatens our Hospital, it also threatens our local pharmacy and the success of the entire county.

We hope the Senate Financial Institutions and Insurance Committee will join the dozens of other states that have already protected their programs. Courts across the country, including the United States Supreme Court, have agreed that contracting limitations related to this program are well within the bounds of state legislatures.

Your committee can protect our state hospitals, clinics, and local pharmacies rather than adding to large pharmaceutical companies' already historically large profit margins. You can do this at no expense to the Kansas taxpayers by holding the drug companies to the agreements they already made at the federal level and requiring them to honor their word and the 340B savings at all contract locations and pharmacies throughout Kansas.

We hope you will support Senate Bill 284.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeremy W. Rabe", is written over a horizontal line.

Jeremy W. Rabe

Chief Executive Officer



3/12/25

Committee on Financial Institutions and Insurance,

As Administrator of Wamego Health Center, the 340B program is a critical component to providing patients with the care that they need. I believe that healthcare access is important to Kansas citizens, and the 340B program is an important part of ensuring access to care for your constituents.

While the legislature added language in the 2024 budget bill to protect local pharmacies, hospitals, and clinics, the drug manufacturers have recklessly disregarded the legislative intent, and continued exploiting the lack of enforcement mechanisms, by telling our hospitals that they can only contract with one pharmacy.

When this happens, hospitals have to choose one pharmacy for 340B. These actions hurt local pharmacies, and they also hurt patients.

We are partnering with the Ascension Via Christi Hospital in Manhattan, KS, to utilize their new Dispensary of Hope to deliver needed medications to those who cannot afford them. This program serving our poor and vulnerable citizens would not be possible without the 340b program.

The Herington Hospital, where my wife's grandmother worked for 40 years, closed down a couple years ago due to a lack of funding. I do not know of any pharmaceutical companies that have shuttered their doors due to lack of revenue.

Your committee can protect our state hospitals, clinics, and local pharmacies rather than adding to the already historically large profit margins of large pharmaceutical companies. You can do this at no expense to the Kansas taxpayers, by holding the drug companies to the agreements that they already made at the federal level and requiring them to honor their word and the 340B savings at all contract locations and pharmacies throughout Kansas.

We hope you will support Senate Bill 284.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Howells", written over a horizontal line.

Brian Howells, PT, MS
Wamego Health Center
711 Genn Drive
Wamego, KS 66547

Kansas State Senate
Attn: Financial Institutions and Insurance Committee
300 SW 10th Avenue
Topeka, KS

March 13, 2025

RE: Senate Bill 284

Committee on Financial Institutions and Insurance,

As Chief Ancillary Officer of William Newton Hospital, the 340B program is a critical component to our organization and impacts our ability to provide patients with the care that they need. I believe that healthcare access is important to Kansas citizens, and the 340B program is an important part of ensuring access to care for your constituents.

While the legislature added language in the 2024 budget bill to protect local pharmacies, hospitals, and clinics, the drug manufacturers have recklessly disregarded the legislative intent, and continued exploiting the lack of enforcement mechanisms, by telling our hospitals that they can only contract with one pharmacy.

When this happens, hospitals have to choose one pharmacy for 340B. These actions hurt local pharmacies, and they also hurt patients.

William Newton Hospital has a large service area in South Central Kansas. Our service area is among the most impoverished in the state, with 16% living in poverty as of 2024. It is imperative that we continue to be able to provide high-quality services to your constituents, close to home.

At our hospital 340B savings helps to:

- Fund the uncompensated care that is provided (averaging \$574,000 annually over the past 4 years)
- Continue access to critical health care services (i.e. obstetric services)
- Enable patients to receive outpatient infusions close to home, reducing the economic and time burden that exists when needing to drive farther for care

We hope the Senate Financial Institutions and Insurance Committee will join the dozens of other states that have already protected their programs. We know that courts across the country, including the United States Supreme Court, have agreed that contracting limitations related to this program are well within the bounds of state legislatures.

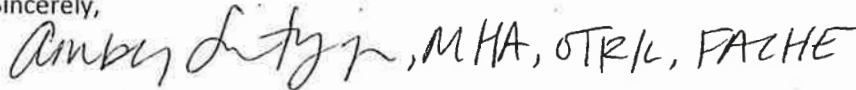


620.221.2300
1300 E. Fifth Ave.
Winfield, KS 67156
wnhcares.org

Your committee can protect our state hospitals, clinics, and local pharmacies rather than adding to the already historically large profit margins of large pharmaceutical companies. You can do this at no expense to the Kansas taxpayers, by holding the drug companies to the agreements that they already made at the federal level and requiring them to honor their word and the 340B savings at all contract locations and pharmacies throughout Kansas.

We hope you will support Senate Bill 284.

Sincerely,

A handwritten signature in black ink that reads 'Amber Seitzinger, MHA, OTR/L, FACHE'.

Amber Seitzinger, MHA, OTR/L, FACHE
Chief Ancillary Officer
William Newton Hospital



620.221.2300
1300 E. Fifth Ave.
Winfield, KS 67156
wnhcares.org



WILSON MEDICAL CENTER

Committee on Financial Institutions and Insurance,

As CEO of Wilson Medical Center, the 340B program is a critical component to providing patients with the care that they need. I believe that healthcare access is important to Kansas citizens, and the 340B program is an important part of ensuring access to care for your constituents.

While the legislature added language in the 2024 budget bill to protect local pharmacies, hospitals, and clinics, the drug manufacturers have recklessly disregarded the legislative intent, and continued exploiting the lack of enforcement mechanisms, by telling our hospitals that they can only contract with one pharmacy.

When this happens, hospitals have to choose one pharmacy for 340B. These actions hurt local pharmacies, and they also hurt patients.

At our hospital the following programs are supported through 340B savings: emergency care, surgery, preventive care, nutritional education, and advanced wound care to rural patients, including those who are uninsured or underinsured. This funding also supports free senior meals with health education, no-cost athletic training for local schools, and an affordable 24/7 fitness center to promote community health.

If the program is reduced or eliminated, many of these services would have to be cut or scaled back.

We hope that the Senate Financial Institutions and Insurance Committee will join the dozens of other states that have already protected their programs. We know that courts across the country, including the United States Supreme Court, have agreed that contracting limitations related to this program are well within the bounds of state legislatures.

Your committee can protect our state hospitals, clinics, and local pharmacies rather than adding to the already historically large profit margins of large pharmaceutical companies. You can do this at no expense to the Kansas taxpayers, by holding the drug companies to the agreements that they already made at the federal level and requiring them to honor their word and the 340B savings at all contract locations and pharmacies throughout Kansas.

We hope you will support Senate Bill 284.

Sincerely,

Tom Hood
CEO

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TO: Senate Committee on Financial Institutions and Insurance

FROM: Karen Braman, RPh, MS, Senior Vice President, Clinical and Strategic Initiatives
Tara Mays, Vice President, State Legislative Relations

DATE: March 14, 2025

RE: Senate Bill 284

The Kansas Hospital Association (KHA) appreciates the opportunity to submit comments in strong support of Senate Bill 284. The KHA represents 121 acute-care community hospitals across the state that are committed to ensuring the highest quality of care and safety for the patients and communities they serve.

For more than three decades, the federal 340B program has enabled safety net providers like hospitals and clinics to purchase medications at a discount so that they can stretch scarce federal resources as far as possible, reaching more eligible patients and provide more comprehensive services. This program has strong bipartisan support, is an essential part of the safety net, and most importantly, is not taxpayer funded. Kansas patients benefit from the 340B program through access to affordable, life-saving medication and medically necessary services.

Examples of essential health care services provided by 340B participating hospitals include lifesaving prescriptions from local pharmacies, cancer treatment closer to home, maternal health services in rural areas, increased access to mental health services, and earlier screening and detection of cancer. In Kansas, there are currently more than ninety hospitals participating in the 340B program.

In communities across the state, hospitals serve patients from a multi-county service area who may face long travel distances for their medication if they are not able to utilize their local pharmacy for 340B medications. Many critical access hospitals do not have in-house pharmacies and must contract out for pharmacy services. The federal 340B program allows participating hospitals to contract with multiple pharmacies for these reasons.

Over the last several years, pharmaceutical manufacturers have erroneously restricted hospitals' ability to contract with more than one pharmacy. While the legislature in 2024 put in place protections to prevent this through a budget proviso, many pharmaceutical manufacturers have not complied with these protections. It is Kansas patients who have suffered due to these actions by pharmaceutical manufacturers restricting their access to medication and health services and restricting patients' ability to choose to use their local pharmacy. It is essential that hospitals retain the existing ability to contract with more than one pharmacy so that patients can receive the healthcare that they need close to home.

Under reimbursement by payers, denials, payment delays and increasing drug, supply and labor costs continue to drive financial pressures on hospitals. Eight Kansas hospitals have closed since 2010.¹ Eighty-seven percent of Kansas hospitals have a negative operating margin, and forty-six Kansas hospitals are financially vulnerable.² Community pharmacies that often contract with their local critical access hospital or may be the only healthcare provider in the community, are similarly in financial peril. Over half (55%) of adults are worried or very worried about being able to afford their family's

¹ Kansas Hospital Association, 2025.

² Chartis Center for Rural Health. <https://www.chartis.com/expertise/rural-health>

prescription drug costs.³ Many Medicare beneficiaries do not fill their medications due to their prohibitive cost, especially for specialty medications.⁴

340B hospitals play a critical role in maintaining access to health services for low-income populations through the provision of care to the uninsured and those with public insurance coverage.⁵ They do this while pharmaceutical manufacturers continue to make record-breaking profits. A review of 2022 SEC 10-K filings for pharmaceutical manufacturers shows that the top eight drug companies had net earnings of \$99.4 billion. In contrast, 2022 HANYS cost reports show a negative \$18.2 million in net revenues for Kansas 340B hospitals.

Claims by pharmaceutical manufacturers of widespread abuse in the 340B program are false. 340B hospitals and their contract pharmacies are subject to stringent audit requirements by the federal Health Services and Research Administration (HRSA). Any claims erroneously submitted as 340B claims must be repaid. A review of the 2024 HRSA audits of Kansas hospitals found no evidence of fraud.⁶

We hope that the Senate Financial Institutions and Insurance Committee will join the dozens of other states that have already protected or are in the process of protecting their states' 340B programs. We know that courts across the country, including the United States Supreme Court, have agreed that contracting limitations related to this program are well within the bounds of state legislatures.^{7,8}

Your committee can protect our state hospitals, clinics, and local pharmacies rather than increasing profits of pharmaceutical companies. You can do this at no expense to the Kansas taxpayers by holding the drug companies to the agreements that they already made at the federal level to enable 340B savings at all contract locations and pharmacies throughout Kansas. Please find attached a map of all hospitals, clinics, and pharmacies that you can help to serve Kansans by passing this important legislation.

Thank you for the opportunity to submit our support for Senate Bill 284.

³ Public Opinion on Prescription Drugs and Their Prices. Kaiser Family Foundation. October 4, 2024. <https://www.kff.org/health-costs/poll-finding/public-opinion-on-prescription-drugs-and-their-prices/>

⁴ Dusetzina et al. Many Medicare Beneficiaries Do Not Fill High-Price Specialty Drug Prescriptions. Health Affairs. 41, No. 4 (2022): 487–496.

⁵ 340B Hospitals Increased Contributions to Uncompensated and Unreimbursed Care During the Pandemic. 340B Health. February 2025. https://www.340bhealth.org/files/KNG_Health_Final_Report_February_2025.pdf

⁶ Health Resources and Service Administration. Program Integrity 2024 FY 24 Audit Results. https://www.hrsa.gov/opa/program-integrity/fy-24-audit-results?order=field_opa_audit_state&sort=asc. Accessed March 14, 2025.

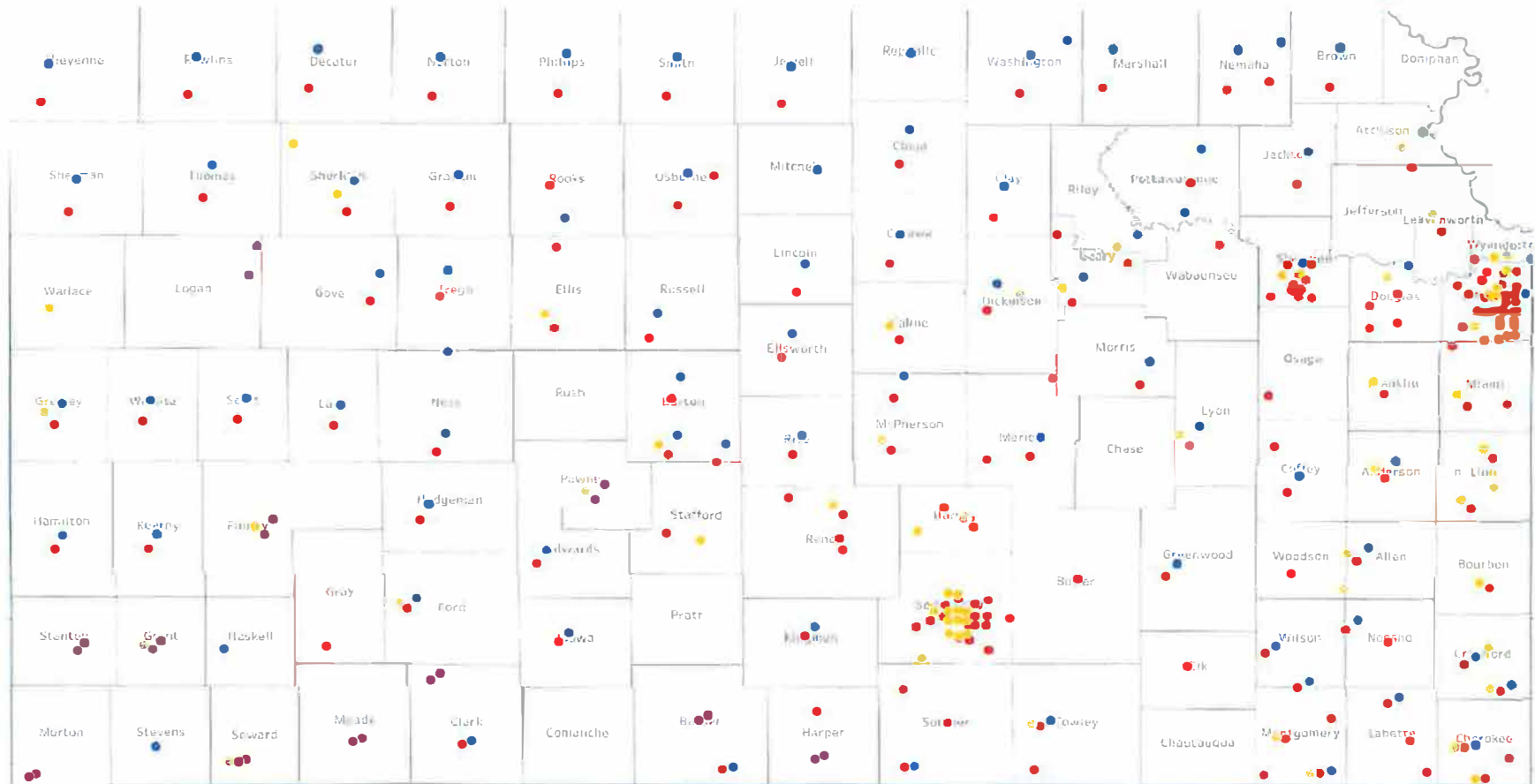
⁷ United States Court of Appeals for the Eighth Circuit. No. 22-3675. <https://ecf.ca8.uscourts.gov/opndir/24/03/223675P.pdf>. Accessed March 14, 2025.

⁸ Attorney General of Arkansas. Attorney General Griffin Secures Win Defending Drug Access Law as U.S. Supreme Court Refuses Appeal. December 9, 2024. <https://arkansasag.gov/news-release/attorney-general-griffin-secures-win-defending-drug-access-law-as-u-s-supreme-court-refuses-appeal/>. Accessed March 14, 2025.

Kansas 340B Hospitals, Clinics and Pharmacies

Total number of participating entities by type:

Entity Type	Count
Clinic	85
Hospital	91
Pharmacy	388



Kansas Hospital
ASSOCIATION



COMMUNITY CARE
NETWORK OF KANSAS

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



Kansas Council of Health-System Pharmacy

Thursday March 13, 2025

Regarding Senate Bill 284, Prohibiting Interference Related to 340B Drug Distribution

Committee on Financial Institutions and Insurance,

The Kansas Council of Health-System Pharmacy (KCHP) strongly supports SB 284, prohibiting interference with 340B drug distribution. This program is an essential element in ensuring that vulnerable and underserved populations in Kansas have access to key healthcare services.

The 340B program supports patient access to healthcare by helping reduce outpatient medication procurement costs based upon care for special populations of patients. The resultant savings allow hospitals and clinics to extend their limited resources further, thereby enhancing access to comprehensive care for patients who might otherwise face financial barriers. The 340B program is especially beneficial for patients in rural and underserved communities, where healthcare resources are often scarce. Currently 91 hospitals across Kansas participate in the 340B program providing much needed health resources without cost to taxpayers. The savings generated help to sustain local healthcare infrastructure, ensuring that residents can access essential medical services.

While the legislature added language in the 2024 budget bill to protect local pharmacies, hospitals, and clinics, the drug manufacturers have recklessly disregarded the legislative intent, and continued exploiting the lack of enforcement mechanisms, by telling hospitals that they can only contract with one pharmacy. When this happens, hospitals have to choose one pharmacy for 340B which hurts local pharmacies, inconveniences patients, and adds unnecessary barriers to medication access.

In conclusion, the 340B Drug Pricing Program is an indispensable tool in our healthcare system, providing critical support to patients most in need. Especially in consideration of the rural populations in Kansas, 340B helps support healthcare access where it may otherwise be financially unfeasible. It is imperative that we continue to uphold and protect this program to ensure that all patients have access to affordable, high-quality healthcare.

Thank you for considering my perspective on this important issue. I urge you to support the ongoing protections of the 340B program and to recognize its invaluable contribution to patient care and public health.

Sincerely,

Chris Bell, PharmD, MS

President, Kansas Council of Health-System Pharmacy