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On Behalf Of: Continuation of Testimony
Committee: House Committee On Behavioral Health and Health Care
Measure: HB2716

This continues my testimony with additional examples. To recap: this bill forces insurers to pay full claims to bad actors in the 430b Pharmacy program, which has become less about patients and more about boosting the bottom lines of for-profit hospitals and creating slush funds out of unnecessary and harmful prescriptions.

EXAMPLE: RICHMOND COMMUNITY HOSPITAL

In September 2022, the New York Times reported on an underequipped hospital lacking an ICU in a neglected mostly Black neighborhood of Richmond, VA, owned by one of the largest nonprofit chains in the country. On paper, the hospital earned the largest profit margins in the state thanks to its 430b pharmacy - generating \$100M profit/year at 44% over expenses. The chain had figured out that if they could attach satellite clinics in wealthy neighborhoods serving people with good insurance to a hospital in a poor neighborhood eligible to run a 430b pharmacy, they could launder prescriptions through the hospital, and the chain opened nine satellite clinics.

In the case of a vial of Merck's Keytruda, a cancer drug, the hospital's 430b pharmacy purchased the drug for \$3,444, but turned around and billed Blue Cross Blue Shield \$25,425, pocketing the \$20,000. An adult requires two vials. The money wasn't ploughed back into serving the underserved, which is the intent of the 430b program. Instead, it invested \$73 Million from drug sales building luxury condos, sponsoring the Washington Redskins, and paying millions in executive bonuses.

Because the hospital makes so much money from selling cancer drugs via clinics in wealthy areas, one really has to wonder if this is the most appropriate treatment as opposed to the most profitable. A bill like HB 2716 would prevent Blue Cross Blue Shield from clawing back some of the spread pocketed by the hospital chain and passing it onto premium payers, lowering the cost of healthcare. It would also prevent the patient from being directed to a pharmacy where there is not the same conflict of interest that might influence inappropriate care.

EXAMPLE: PORTLAND'S PHONY HEPATITIS C SEEDING TRIAL 430B KICKBACKS

Hepatitis C Direct Acting Antivirals are not miracle cures. They were trialed on the basis of a surrogate marker called an SVR that fails to validate - there is no evidence for any benefit but substantial evidence for harm. This was the finding of the evidence-based medicine Cochrane Collaborative, the British Medical Journal, and the Oregon Health Authority's Pharmacy and Therapeutics Committee. The Oregon Health Plan was essentially blackmailed by the Pharmaceutical Research and

Manufacturers of America (PhRMA) to cover the drugs in 2017 with a threat delivered to the P/T committee in closed session by an OHSU doctor named Atif Zaman who delivered an ultimatum on behalf of Merck that if Oregon didn't cover the drugs, PhRMA would use its lobbying influence in Washington to revoke Oregon's 1115 waiver, terminating the OHP. This policy change led to the single largest increase in Oregon taxpayer healthcare costs - ever.

In order to compensate Zaman, Merck paid \$375,000 in the form of research payments to conduct a "seeding trial" of Merck's drug Zepatier at Portland's Old Town Clinic on active homeless injection drug users with w. The drugs were run through Central City Concern's "OTC HCV 430b Pharmacy" and charged to the Oregon Health Plan with 50 wealthy OHSU patients with good insurance used as a control - also run through the 430b pharmacy. A seeding trial is a phony clinical trial designed to boost sales, influence prescribers, and pay kickbacks requiring little or no work. 53 individuals disappeared - over half - costing the taxpayer \$1.2M in wasted drugs while generating funds for Central City to hire 5 lobbyists. A look at Central City Concern's audited financials shows of the org's \$11M profit, \$9M of it is net drug sales - mostly from hepatitis C drugs. The money is being put back into real-estate, not charitable programs.