

February 22, 2024

The Honorable Julie Fahey, Chair
House Committee on Rules

Chair Fahey, Members of the Committee:

Thank you for the opportunity to testify in favor of HB 4028 with the -2 amendments. For the record, my name is Andrew Sowles. I am a clinical pharmacist who manages ambulatory care clinical pharmacy services and the medication management clinic for Salem Health Hospitals and Clinics. I also oversee our 340B drug pricing program.

Salem Health is a nonprofit health system serving the mid-Willamette Valley. Community members banded together to start Salem Health over 125 years ago. Our system of integrated care includes primary, specialty, urgent, and acute care at locations from Woodburn to Salem to Dallas. Our mission is to improve the health of the people and communities we serve. That mission spans all operations of Salem Health, from our busy emergency departments and hospitals to our clinics.

Salem Health supports HB 4028 with the -2 amendment. This bill would help support our mission of enhancing well-being in the communities we serve.

As previously mentioned, I manage Salem Health's medication management clinic. This is an innovative practice that, historically, has been funded through 340B savings. Our team of clinical pharmacists at this clinic provide monitoring, medication adjustment, and education for people with complex chronic medical conditions – such as diabetes, hypertension, or depression. Over the past few years, high-risk patients with diabetes under the care of our clinical pharmacists at this clinic have improved their chronic conditions which has resulted in an increased life expectancy by an average of 7.1 years for men and 8 years for women, for a combined total of 7,430 life years. Again, that is **7,430 life years gained for Oregonians funded through 340B savings at contract pharmacies**. Our goal is to expand the services of this clinic even further, and to help more patients in our community, but we cannot do that without interventions that will allow Salem Health to realize contract pharmacy 340B savings intended by the program.

Section 340B of the federal Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients.

Some claim that 340B savings are used to increase profits. The truth is discounts help providers like Salem Health serve vulnerable populations – particularly people covered by Medicaid. Medicaid does not reimburse providers for the full cost of providing care, so the 340B program helps cover some of those unreimbursed costs which funds local population health initiatives, such as our hospital medication management clinic. Salem Health reinvests our 340B savings into funding this otherwise under-reimbursed health care service, furthering our mission to enhance well-being in the communities we serve.

Pharmaceutical manufacturers have sought to circumvent their obligations to the 340B program by prohibiting the use of contract pharmacies to offer discounted 340B prices. They say that the use of contract pharmacies was never an intended use of the program. The truth is contract pharmacies are a fundamental feature of the 340B program. HRSA made clear their position on the use of contract pharmacies, stating “[Contract Pharmacy] would permit covered entities to more effectively utilize the 340B program and create wider patient access by having more inclusive arrangements in their communities which would benefit covered entities, pharmacies, and patients served.” The -2 amendment to HB 4028 would help resolve this problem by holding pharmaceutical manufacturers accountable for their obligations to the 340B program. It is a clear solution where the state can help support community health programs at local hospitals and other “covered entities” without spending either taxpayer dollars or the state’s limited funds.

Critics of the 340B program, including PhRMA, have expressed doubt over the integrity of the 340B program citing concerns for diversion or duplicate discounts. It is important to stress that HRSA requires covered entities to prevent diversion of 340B drugs to ineligible patients or to receive both 340B pricing and a Medicaid drug rebate for the same drug. HRSA routinely performs program integrity checks, ensuring covered entities maintain compliance to prevent fraud, waste, and abuse of the 340B program.

Passing this legislation will keep pharmaceutical manufactures from restricting or interfering with the intended use of the 340B program in Oregon, holding them accountable for their obligations to this federal

program. It will help providers serving large numbers of Medicaid patients continue their efforts toward health equity. I urge you to support HB 4028 with the -2 amendment.

Thank you for the opportunity to testify,

Andrew J Sowles

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