



Northern Light Health
Government Relations
43 Whiting Hill Road
Brewer, Maine 04412

Office 207.861.3282
Fax 207.861.3044

Northern Light Health
Acadia Hospital
A.R. Gould Hospital
Beacon Health
Blue Hill Hospital
C.A. Dean Hospital
Eastern Maine Medical Center
Home Care & Hospice
Inland Hospital
Maine Coast Hospital
Mayo Hospital
Mercy Hospital
Northern Light Health Foundation
Northern Light Laboratory
Northern Light Pharmacy
Sebastiancook Valley Hospital

LD 1395 An Act to Increase Transparency Regarding Certain Drug Pricing Programs

Testimony in Opposition April 27, 2023

Senator Bailey, Representative Perry and members of the Health Coverage, Insurance and Financial Services Committee, my name Matt Marston and I am the Chief Pharmacy Officer for Northern Light Health. I am here today providing testimony speaking in opposition to this bill. Northern Light Health member organizations include 10 hospitals located in southern, central, eastern and northern Maine, 8 nursing facilities, air and ground ambulance, behavioral health, addiction treatment, pharmacy, primary and specialty care practices and a state-wide home care and hospice program. Ninety three percent of Maine's population lives in the Northern Light Health service area. Northern Light Health is also proud to be one of Maine's largest employers with more than 10,000 employees statewide.

The 340B Program is a Federal program which is overseen by the Health Resources and Services Administration (HRSA) and the Office of Pharmacy Affairs (OPA) that seeks to aide healthcare organizations including safety net hospitals in providing services by requiring drug manufacturers to offer medications at a discount. As participants in the 340B program, we are required to have oversight of the pharmacies we contract with under the program and of the use of these pharmaceuticals purchased at 340b discounts within our hospitals. We complete yearly external audits along with having a robust internal monitoring system in place.

We review prescription claims monthly for every contract pharmacy location that is registered with OPA under our organizations. Whenever a prescription is found to be not eligible under the program we investigate why it was approved to make sure our software solutions and audit processes are performing appropriately. We also utilize software to analyze medications utilized in our facilities for 340b eligibility. This program itself is audited by our teams monthly for accuracy to ensure there are redundancies built into our program compliance activities.

Once per year Northern Light Health engages an external auditing firm to perform a complete review our 340B program as required by HRSA. They audit areas such as our cost reports, OPA database, provider files, purchasing activity, contract pharmacy claims, and split billing claims. It is a comprehensive audit which takes several months to complete in its entirety. The information sought in this bill is largely duplicative to what is already captured in these external and internal auditing processes.

Additionally, HRSA themselves performs audits of the 340B Program at covered entities. When selected for a HRSA audit, a data request is made to the covered entity and must

be fulfilled within 3 weeks time. The audit looks at the eligibility of the hospital, eligibility of patient claims, the hospital cost report, signs of duplicate discounts, OPA database enrollment, contract pharmacy claims, split billing claims, Medicaid billing, wholesaler set up, and any claim modifiers that need to be in place. HRSA then conducts a 1 to 2 day remote or on-site audit where the entity needs to answer a series of questions and prove the eligibility the claims that are audited.

Northern Light Health participates in the American Hospital Association's 340B Good Stewardship Principles, which is a voluntary program demonstrating our commitment to communicating the value of the 340b program, publicly disclosing our hospital 340b savings, and providing rigorous internal oversight of the program's integrity. We have our own 340B Program website that can be accessed by the public and shares 340B savings along with information on the programs that the savings go toward funding at [340B - Northern Light Health](#). Northern Light Health supports discussions regarding adding additional transparency to the 340b program, however the information requested in this bill includes proprietary business information, such as rates negotiated with contracted pharmacies and Third Party Administrator software vendors that would put our organizations in breach of contract and would likely violate State and Federal antitrust laws.

This new law would impose a tremendous reporting burden on the hospitals in Maine. Some of the information requested is not readily available and would take substantial labor resources and systems changes to be able to accommodate. This could not come at a worse time as Maine Hospitals struggle to financially sustain the healthcare services offered and pharmaceutical companies seek to gain access to this information to further their attacks on this critical federal program to avoid providing these discounts to healthcare providers in order to increase their profits at the expense of our Maine communities. Given that the enforcement authority of the 340b program lies with HRSA at the Federal level and that Maine hospitals covered under this program must adhere to routine audits by this governing body already, Northern Light Health ask the committee to vote ought not to pass on LD 1395 so as not to impose additional burdensome reporting on the State's healthcare organizations.

Northern Light Health would be happy to work with the committee to address any follow-up questions or concerns related to this bill.

Sincerely,

Matthew Marston, PharmD, MBA, BCOP, BCPS
VP – Chief Pharmacy Officer
Northern Light Health