



**Northern Light
Health**

**LD 1018: An Act to Protect Health Care for Rural and Underserved Areas by Prohibiting
Discrimination by Participants in a Federal Drug Discount Program
Testimony in Support
April 16, 2025**

Senator Bailey, Representative Mathieson and members of the Insurance and Financial Services Committee my name is Matthew Marston and I am the Chief Pharmacy Officer for Northern Light Health. I am here today providing testimony in strong support of LD 1018. 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 not just a line item in a budget — it is a lifeline. This program allows eligible health providers, including hospitals like those in the Northern Light Health system, to purchase outpatient medications at a discount and reinvest those savings into funding patient care. The intent is simple and well defined by Congress and HRSA: to stretch scarce federal resources to serve more patients and offer more comprehensive services, especially in rural and underserved areas.

But this program is under attack. Since 2020, during the height of the COVID-19 pandemic, drug manufacturers took the opportunity to leverage the turbulent times to unilaterally impose restrictions that have undermined the original purpose of 340B. These actions have made it harder — and in some cases, impossible — for us to realize the full value of the program. And these restrictions continue to impact us today when healthcare providers in Maine are facing unprecedented financial pressures.

Like many health systems across the country, Northern Light Health is struggling under the weight of rising costs, workforce shortages, and declining reimbursements. The COVID-19 pandemic left a lasting impact on the cost of healthcare, our operations and margins. Even today, our hospitals and clinics are operating on razor-thin budgets, trying to maintain services in rural communities that have limited alternatives. In 2024, Northern Light Health experienced greater than \$100 million in operational losses for the second consecutive year leading to a credit downgrade. Every dollar we lose in 340B savings because of manufacturer restrictions is a dollar we can't put toward maintaining a rural clinic, staffing a pharmacy, or providing critical services to patients who can't otherwise afford them. The results of these financial challenges experienced by our healthcare providers can be seen all around us. The recently announced closure of Inland Hospital, outpatient clinics, birthing centers, independent and chain retail

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
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Northern Light Laboratory
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pharmacies, and long-term care facilities across Maine. Protecting the 340b program provides vital resources in support of these vital healthcare services in Maine without costing State or Federal tax dollars.

These attacks on 340B do not help patients. They do not lower drug prices. They only increase profits for drug manufacturers at the expense of healthcare providers and the people we serve. This is not speculation — it's happening right now. Patients in our communities are already experiencing longer wait times, limited access to specialty care, and increasing out-of-pocket costs.

LD 1018 is a crucial step in protecting Maine's health infrastructure. It would prevent drug manufacturers from placing arbitrary restrictions on 340B discounts at contract pharmacies — the very pharmacies many Mainers rely on, especially in areas where hospital pharmacies may be inaccessible.

Let me be clear: 340B is not a burden to the state or to taxpayers. It is a federally authorized program that brings resources into Maine — resources that allow us to serve people regardless of their ability to pay, to provide free or low-cost medications, and to keep essential services open. Without it, the gap between patient needs and available care will only grow.

There is a lot of confusion about the 340B savings program. I want to take a few minutes to address this.

- Prices paid at the pharmacy counter do not differ, whether a patient is covered under the 340b program or not. Assertions by manufacturers that this is the case are simply false.
- HRSA conducts regular audits of 340b covered entities to ensure that they are operating in a compliant way. Opponents would like you to believe that the 340b is fraught with "abuse," however I would challenge that the vast majority of 340b covered entities work diligently to ensure they run a compliant program and that there are robust enforcement mechanisms in place to report any such suspected abuses to HRSA, who has a history of taking enforcement action against covered entities when appropriate.
- Manufacturers also have the authority granted by HRSA to conduct "good faith audits" of 340b covered entities to ensure that they are satisfied that covered entities are performing their due diligence and running a compliant program. The issue at hand here is not that the rules are being broken, it is that manufacturers are aiming to change the rules unilaterally to be in their favor against the guidance of HRSA.

I urge you to pass LD 1018 and stand with Maine's patients, hospitals, and communities. Let's preserve the intent of the 340B program and ensure that it continues to serve those it was designed to help — not serve as a windfall for the largest pharmaceutical corporations in the world. If this bill fails to pass millions of dollars in lost savings will leave the state and go to pharmaceutical manufacturers throughout the country.

Thank you for your time and your commitment to protecting access to healthcare in Maine. I would be happy to answer any questions.

Respectfully,

Matthew Marston, PharmD, MBA, FACHE, BCPS
Chief Pharmacy Officer
Northern Light Health