

**Testimony in support of LD 1018 An Act to Protect Health Care for Rural and Underserved Areas by Prohibiting Discrimination by Participants in a Federal Drug Discount Program**

Senator Bailey, Representative Mathieson and members of the Health Coverage, Insurance and Financial Services Committee. I am Anne Perry, former State Legislator and member of the HCIFS Committee. I am here to testify in support of LD 1018 **An Act to Protect Health Care for Rural and Underserved Areas by Prohibiting Discrimination by Participants in a Federal Drug Discount Program.**

Lisa Harvey-McPherson has kindly agreed to read my testimony and has brought you treats in my absence.

Let's start with Washington County. In Washington County, there are 5 Federally Qualified Health Centers (FQHC) and 2 critical access hospitals that are over 50 miles apart. This is the basis of health care in this rural, poor and elderly county.

The 340B program was setup in 1992 to help the people in rural areas have access to affordable medications and healthcare.

In the FQHCs, revenue is generated from 3 major sources: patient services, the federal 330 grant and the 340B program. Revenue from the 340B program is significantly less than both the revenue generated from patient services (medical, dental and behavioral health) and the federal 330 grant.

- However, without the 340B program income, FQHCs would be operating at a financial loss, and services would have to be reduced or eliminated entirely.
  - Especially in rural areas, a reduction in 340B revenue will lead to reduced access in areas where access is already a significant issue.
- The restrictions that drug manufacturers have put in place are aimed to make the program more difficult to administer:

- Having to select one designated pharmacy for almost all manufacturers limits how many patients qualify to in the program simply because of which pharmacy they choose to frequent. {The number of pharmacies in Washington County has decreased from 13 to 9 in the past decade. Two of the remaining locations are within tribal health clinics, and the rest are in Calais, Machias, Milbridge and Eastport.}
- Requiring claims submission is an added administrative and financial burden.

Now, in our hospitals, who work on a margin that is unsustainable already and would be exacerbated with possible loss of revenue from 340B. These hospitals treat anyone who walks through their doors regardless of ability to pay. This is required by Federal Law. The 340B program is a small program that allows them to insure they can be open to continue services throughout the County. After the near loss of the hospital in Calais due to bankruptcy, I can only emphasize the importance of maintaining the 340B program as the Federal law dictates.

Therefore, I ask that you vote in favor of LD1018. Thank you.