

State of Maine
130th Legislature
Joint Standing Committee on Health Coverage, Insurance and Financial Services

Testimony of Charles F. Dingman on behalf of Covenant Health

Supporting
LD 1938, “An Act To Prohibit Discriminatory Practices Related to the 340B Drug Pricing Program”

Sponsored by Senator Ned Claxton

February 15, 2022

Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Charlie Dingman, a lawyer with the firm of Kozak & Gayer, and I am here today on behalf of Covenant Health. Covenant Health is a multi-state health care organization that supports and oversees the work of several acute care and subacute care health care providers in Maine, including St. Mary’s Regional Medical Center in Lewiston and St. Joseph’s Health Care in Bangor, both safety net hospitals affiliated with strategic partners delivering primary and behavioral health care and seeking to address the social determinants of health in the communities they serve.

Covenant Health supports LD 1938 and thanks Senator Claxton for sponsoring this bill. Preservation of the 340B program is vital for Covenant’s community hospitals in Maine as well as their strategic partnerships with primary care providers. Section 340B allows providers such as hospitals and community health centers to purchase drugs from manufacturers at reduced prices. The resulting savings are applied to reduce the costs of health care for those patients who can least afford those expenses, helping to improve timely access to care and improving health outcomes for those with limited means.

As described by the federal office responsible for 340B, the Health Resources and Services Administration (HRSA), Office of Pharmacy Affairs (OPA) “The 340B Program enables covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” 340B shared savings are crucial in a rural state like Maine, with many low-income patients, yet pharmaceutical manufacturers have recently been targeting the program aggressively and devising ways to frustrate its success. This bill deters some of those tactics and thus will provide critically needed support for access to 340B discounted medications and will limit the efforts of drug companies to steer patients away from contract pharmacies participating in the program.

Covenant Health therefore urges this Committee to recommend passage of this protective measure for the 340B program.

Thank you for your attention to this testimony. I would be pleased to respond to any questions, via the contact information provided below.

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