



March 3rd, 2022

To: Senator Sanborn, Representative Tepler, Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services

From: Katherine Pelletreau, MPH

RE: Follow up to Public Hearing Testimony on ***LD 1938 An Act To Prohibit Discriminatory Practices Related to the 340B Drug Pricing Program***

In testimony provided to the Committee at the public hearing on LD 1938, I cited information that I said I would provide in writing.

A 2021 Study Commissioned by the Community Oncology Alliance found that 340B hospitals price drugs at 3.8 times their 340B acquisition cost. The increase in price does differ materially by the drug. The lowest median markup was 2.4 times (Adcetris) and the highest was 11.0 times (Epogen).¹

There is a great deal of research on the 340B program, its growth, and how it can be used by hospitals to create revenue streams.^{2,3} This bill seeks to protect those revenue streams by prohibiting health insurers from negotiating for those same discounts both directly and through the use of mail order pharmacies not affiliated with the hospitals. It is aligned with the actions taken by Northern Light and the American Hospital Association in their case before the Supreme Court. Moreover, it seeks to cast legitimate negotiations between health insurers and hospitals as “discriminatory”.

We ask the Committee to permit health insurers to do their job and fight for lower costs by preventing hospitals from profiting off the 340B program and protecting the right of patients to use mail order pharmacies for convenience and to control their costs.⁴

Thank you for your consideration of this additional information.

¹ https://communityoncology.org/wp-content/uploads/2021/09/Moto-COA-340B_Hospital_Markups_Report.pdf, pg. 8

² <https://www.drugchannels.net/2021/06/exclusive-340b-program-soared-to-38.html>

³ <https://commonwealthmagazine.org/opinion/drug-discount-program-padding-hospital-profits/>

⁴ https://www.pcmnet.org/wp-content/uploads/2017/03/Mail-Service-Pharmacy_infographic_FINAL.pdf