



Maryland Community Health System

March 10, 2022

Delegate Shane E. Pendergrass
Chair
Health & Government Operations Committee
Lowe House Office Building, Room 241
Annapolis, MD 21401

Delegate Joseline Peña-Melnyk
Vice-Chair
Health & Government Operations Committee
Lowe House Office Building, Room 241
Annapolis, MD 21401

RE: Mid-Atlantic Association of Community Health Centers (MACHC) and the Maryland Community Health System (MCHS) – SUPPORT House Bill 1274 with amendments from EPIC Pharmacies

Dear Chairwoman Pendergrass, Vice Chair Peña-Melnyk, and Members of the Committee

On behalf of the Mid-Atlantic Association of Community Health Centers (MACHC) and the Maryland Community Health System (MCHS), **we are writing to express our support for House Bill 1274 with amendments from EPIC Pharmacies.** House Bill 1274 will preserve the intent of the 340B Program, established by the Public Health Service Act, by ensuring that health centers can retain all savings to serve their most vulnerable patients.

MACHC is the federally designated Primary Care Association for Maryland’s Federally Qualified Health Centers (FQHCs) and MCHS is a health center controlled network of seven FQHCs and co-owners of Priority Partners MCO with Johns Hopkins Healthcare. Both organizations advocate on behalf of Maryland’s FQHCs. Community health centers are nonprofit, community-directed providers that serve as the health home for over 310,000 people; 48 percent are Medicaid beneficiaries, and 17 percent are uninsured. The collective mission of Maryland’s 17 health center organizations is to deliver high-quality primary and preventive care to individuals in medically underserved areas, regardless of insurance status or ability to pay. Health centers also typically provide dental, behavioral health, pharmacy, and other enabling services that facilitate access to care.

Health centers rely on various funding sources and discounts to support the costs of providing affordable care to medically-underserved populations. One of the most important sources is the 340B Drug Discount Program, which requires drug manufacturers to provide pharmaceuticals to health centers and other outpatient safety net providers at a discount for those drugs to be covered under Medicare and Medicaid. Purchasing medications at a lower cost enables health centers to pass the savings to their patients through reduced drug prices and keep any additional savings to fund other services. Before the 340B program, most health centers could not afford to provide patients access to pharmaceuticals.

The 340B program is central to health centers’ ability to make prescription drugs more affordable, and fund expanded access to other services. While 340B-supported services vary across health centers, they often include Substance Use Disorder (SUD) services, adult dental care, behavioral health counseling, and patient education. Health centers may also use 340B savings to address patient social needs, such as transportation support, to improve care access and health outcomes. The COVID-19 pandemic has

underscored the importance of those services, especially in the communities health centers serve. Any reduced access to 340B discounts threatens a health center's ability to offer these services to people who need them most.

MACHC and MCHS support House Bill 1274 because it will enable health centers to retain their 340B savings by prohibiting the predatory practice of imposing fees or reducing reimbursement to Maryland 340B providers. Specifically, this bill will protect 340B providers from entering contracts that offer lower reimbursement for drugs simply because they purchased them using the 340B program. While 340B is a federal program, it is imperative to take state-level action because the 340B federal statute does not protect health centers from having their savings pick-pocketed by pharmacy benefit managers.

We appreciate the opportunity to provide comments. Should you have any questions about our comments, please reach out to Nora Hoban at Nhoban@machc.com.

Sincerely,



Nora Hoban
Chief Executive Officer
Mid-Atlantic Association of Community Health Center



Salliann Alborn
Chief Executive Officer
Maryland Community Health System