



March 7, 2022

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

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

RE: SUPPORT HB 1274 with Amendments from EPIC Pharmacies

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

On behalf of the National Association of Community Health Centers (NACHC), **I am writing to express our support for House Bill 1274 with amendments from EPIC Pharmacies**, which will preserve the intent of the 340B Program by ensuring that all savings are directed to health centers and their most vulnerable patients.

NACHC is the national membership organization for federally qualified health centers (also known as FQHCs or health centers). Health Centers are nonprofit, community-directed providers that serve as the health home for over 29 million people, including 1 in 5 Medicaid beneficiaries and 1 in 3 people living in poverty. It is the collective mission and mandate of over 1,400 health centers around the country to deliver high quality primary and preventative care as well as dental, behavioral health, pharmacy, and other “enabling” services that facilitate access to care to individuals in medically underserved areas, regardless of insurance status or ability to pay.

To support the costs of providing affordable care to medically-underserved populations, FQHCs rely on various funding sources and discounts. One of the most important sources is the 340B Drug Discount Program (established in Section 340B of the Public Health Service Act), which requires drug manufacturers to provide pharmaceuticals to FQHCs and other outpatient “safety net” providers at a discount in order for those drugs to be covered under Medicare and Medicaid. By purchasing medications at a lower cost, covered entities – like health centers – pass the savings along to their patients through reduced drug prices and then can keep any additional savings to fund other services. Before the establishment of 340B, most FQHCs were unable to afford to provide patients access to pharmaceuticals.

The 340B program is central to FQHCs’ ability to make prescription drugs more affordable and fund expanded access to other services. While 340B-supported services vary by FQHC, they often include Substance Use Disorder (SUD) services, adult dental care, behavioral health counseling, and patient education. Reduced access to 340B discounts threatens these services. Notably, under the 340B program, health centers are federally mandated to pass savings from the reduced price to their patients.

NACHC supports House Bill 1274 because it will enable health centers to retain their 340B savings by prohibiting the predatory practice of imposing fees on or reducing reimbursement

to Maryland 340B providers such as community health centers. Specifically, this bill will protect 340B providers from pharmacy benefit managers requiring health centers to accept lower reimbursement for drugs simply because they were purchased under 340B. 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 (PBMs) and insurers. In passing this legislation, Maryland will join two-dozen other states that have prevented this practice.

We appreciate the opportunity to provide comments in support of House Bill 1274. The 340B program is critically important to health centers because it allows them to provide access to affordable prescription drugs and expand access to other primary and preventive care services. Should you have any questions about our comments, please feel free to contact Jeremy Crandall (jcrandall@nachc.org), Director of Federal and State Policy for NACHC.

Sincerely,

A handwritten signature in black ink, appearing to read 'RACHAN', with a long horizontal line extending to the right.

Rachel Gonzales-Hanson
Interim President & CEO