



A Network Of
Independently Owned
Pharmacies

Testimony offered on behalf of:

EPIC PHARMACIES, INC.

IN SUPPORT OF:

HB 1274 – Prescription Drugs – Pharmacy Benefit Managers and Purchasers – Federal 340B Program
Hearing 3/10/2022 at 1:30PM

EPIC Pharmacies Supports HB 1274 with EPIC Pharmacy Amendments – Prescription Drugs – Pharmacy Benefit Managers and Purchasers – Federal 340B Program.

For over 30 years, the federal 340B/Public Health Service (PHS) program has provided much needed financial support to non-profit entities, such as Federally Qualified Health Centers, Ryan White Programs, Disproportionate Share Hospitals, STD clinics, and others by way of highly discounted drug pricing. Some covered entities own their own pharmacy, but many have entered into arrangements with “contract pharmacies” that dispense discounted drugs on behalf of their clients.

For about 20 years, covered entities were allowed to contract with one pharmacy and, by all accounts, the system worked with little complaint or issues. In 2010, as part of the Affordable Care Act, covered entities were allowed to expand the number of pharmacies they contract with, and with chain pharmacy marketing, the number of contract pharmacy arrangements skyrocketed. CVS and Walgreens are currently the largest contract pharmacy providers in the country. In fact, CVS Health’s current 10-K annual report discusses the importance of CVS’s contract pharmacy relationships (36,000 according to Drug Channel’s review of contract pharmacies) and how a loss or reduction of that business would “materially and adversely affect the company.”

Large vertically integrated PBMs have in the past been very aggressive in both the pricing in which they reimburse pharmacy services, as well limiting non-PBM owned pharmacies from many of the profitable networks that they control.

This bill protects 340B prescription revenue, the majority of which flows back to the non-profit covered entity. Is the State of MD willing to make up any loss in revenue to covered entities that would result should payers and PBMs limit or reduce payments for 340B related prescription claims? That’s the fiscal note to the State of Maryland, should this bill fail.

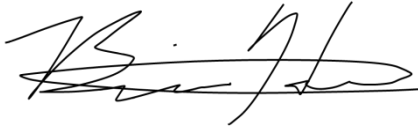
The bill also prevents vertically integrated PBMs from eliminating other pharmacy competition for 340B contracts by downsizing the pharmacy provider network based on the 340B contract pharmacy status of their competition. In the past and now, when given the chance, vertically integrated PBMs have abused their position as network gatekeepers to eliminate direct competition from independent retail pharmacies by way of restrictive Specialty Drug networks. They have done it before, and they will do it again if given the chance.

There are seventeen other states that have passed legislation to protect 340B within the last eighteen months.

Though this testimony was written prior to March 10th, there should not be a fiscal note on this bill.

As such, EPIC Pharmacies recommends a favorable report on HB 1274 with amendments proposed by EPIC Pharmacies.

Thank you,

A handwritten signature in black ink, appearing to read "Brian M. Hose". The signature is fluid and cursive, with a long horizontal stroke at the bottom.

Brian M. Hose, PharmD
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