Pam Lanman Guzzone
Legislative District 13
Howard County

Health and Government
Operations Committee

Subcommittees

Government Operations
and Health Facilities

Insurance and Pharmaceuticals

THE MARYLAND HOUSE OF DELEGATES
Annapolis, Maryland 21401

The Maryland House of Delegates
6 Bladen Street, Room 216
Annapolis, Maryland 21401
410-841-3083 · 301-858-3083
800-492-7122 *Ext.* 3083
Pam.Guzzone@house.state.md.us

Good afternoon, Madam Chair, Madam Vice-Chair and members of the Health and Government Operations Committee. I'm Delegate Guzzone representing Howard County's District 13 and I am here in support of House Bill 1056.

I'm proud to sponsor House Bill 1056, Prohibition on Discrimination Against 340B Drug Distribution, for the committee's consideration.

I'll start by stating the obvious: Health equity starts with legislation that supports access to primary and preventative care for all Marylanders. The bill aims to restore flexibilities allowed under the 340B Drug Pricing Program and protect safety-net providers' ability to continue to provide care to Marylanders most in need.

As you may know, the 340B program was created to assist safety-net providers to "stretch federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." At root, it allows Community Health Centers to purchase outpatient medications at significantly reduced costs which then enables them to provide affordable, discounted (or free) medications to uninsured and under-insured patients while also getting standard reimbursement from Medicaid. For participating community health centers, all – every penny – of 340B savings must be reinvested in the center to meet the needs of the communities it serves. Think dental services, behavioral health care and wrap

around services. Such services seek to mitigate inequities related to race, ethnicity, education and/or socio-economic status.

Healthcare entities covered under the 340B program include Federally Qualified Health Centers, Ryan White Clinics, and hospitals that treat a disproportionate share of low-income patients. Participating 340B providers – many of which cannot afford or have the space to have an in-house pharmacy - contract with community pharmacies to improve patient access to needed medication.

The bill will prevent pharmaceutical manufacturers from imposing restrictions that limit the number of pharmacies Community Health providers can contract with to receive discounted medications under the 340B program.

These contractual arrangements allow patients to pick up prescription medication from their local community pharmacy without a return visit to the 340B health center or hospital, which can be challenging, especially for patients in rural areas. Contracted pharmacies ease patient access, thereby improving medication adherence and health outcomes.

Since 2020, twenty-nine pharmaceutical manufacturers have begun limiting the number of pharmacies that 340B covered providers can work with to receive discounts on 340B drugs, this undermines the program and puts vulnerable communities at risk.

In September 2020, Eli Lilly announced that covered entities without in-house pharmacies must choose a single contract pharmacy. AstraZeneca and Sanofi followed suit on October 1. Over the next three years, the list of manufacturers with restrictions grew to include Merck, Gilead, United Therapeutics, and others. The restrictions most often limit 340B providers to dispensing discounted drugs from just one contract pharmacy.

Patients have to travel farther to obtain essential, affordable medications, which is time-consuming for many and creates undue hardship for those who lack reliable transportation or who work non-standard hours.

These restrictions force patients to make unbearable decisions—do they pay rent, buy groceries, or pick up medications? The result can be unfilled prescriptions, inconsistent intake of medications and deteriorating of health conditions.

Over the last 32 years, the 340B program has been shown to increase medication adherence, improve health outcomes, and prevent acute escalations of chronic conditions, all of which avoid the need for more costly care. If manufacturer restrictions are left unchecked, safety net providers – like our Federally Qualified Health Centers – may have no choice but to cut services. The patients most affected by these restrictions are numerous Marylanders living in poverty, and have the least access to care. It will be apparent from the testimony you'll hear today that these restrictions negatively impact health equity.

House Bill 1056 will protect the federal 340B statute in Maryland, where national efforts have stalled. Swift and robust state action is required to preserve essential safety net providers and high-risk communities from further damage and inequities. The loss of access to 340B medications is not unique to Maryland. Twelve states throughout the country have introduced similar legislation this year.

I respectfully request a positive report on HB 1056.