



**Testimony to the House Committee on Health and Human Services
Wednesday, March 20, 2024; 10:30 a.m.
State Capitol, Conference Room 329
Via Videoconference**

RE: HOUSE RESOLUTION NO. 166, URGING THE DEPARTMENT OF HEALTH TO EXPLORE AVENUES TO ENSURE CONTINUED ACCESS TO AFFORDABLE MEDICATIONS FOR THE STATE'S UNDERSERVED POPULATIONS UNDER THE 340B DRUG PRICING PROGRAM AND URGING HAWAII'S CONGRESSIONAL DELEGATION AND RELEVANT FEDERAL AGENCIES TO MONITOR PHARMACEUTICAL COMPANIES AND TAKE APPROPRIATE ACTIONS TO PROTECT THE INTEGRITY OF THE 340B DRUG PRICING PROGRAM.

Chair Belatti, Vice Chair Takenouchi, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Resolution No. 166, and **OFFERS AMENDMENTS** for your consideration.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This measure, as received by your Committee, would:

- (1) Urge the Department of Health to explore avenues to collaborate with 340B hospitals, community pharmacies, and other stakeholders to ensure the continued accessibility to affordable medications for underserved populations in Hawaii; and
- (2) Urge Hawaii's Congressional Delegation and relevant federal agencies to monitor and address any instances of pharmaceutical company actions that restrict access to 340B drugs and take appropriate legislative or regulatory action to protect the integrity of the 340B Program.

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For more than thirty years, the 340B Program has provided critical resources that enable FQHCs and other program participants to deliver affordable and accessible health care services to the most underserved and vulnerable communities.

By law, FQHCs:

“. . . must document that any non-grant funds generated from health center program project activities in excess of what is necessary to support the total health center project budget were utilized. . . to benefit the current or proposed patient population and were not utilized for purposes that are specifically prohibited by the health center program. . .”
[See, HRSA, Health Center Program Compliance Manual, August 20, 2018, p. 63.]

Over the past few years, statutory ambiguities have allowed other parties to claim the savings that were intended to accrue to the patients of FQHCs and other 340B providers. Because of this, the HPCA believes that the 340B Program must be preserved to ensure stability for Hawaii’s safety net providers and enable them to effectively care for patients that otherwise would not have access to affordable health care services and medications.

To strengthen this measure, the HPCA offers the following “friendly amendments” for your consideration:

- (1) Replace references to “Department of Health” (DOH) with “the Governor”. The federal 340B Program is administered by the federal Health Resources and Services Administration, the federal Center for Medicare and Medicaid Services, and the Hawaii State Department of Human Services (DHS) as part of managed care. As such, it would appear that DHS would be an appropriate State program to address specific questions on the 340B Program. However, the DOH is also charged with ensuring the provision of essential services and products at health care facilities throughout the State. To ensure that both DOH and DHS work together regarding the 340B Program, we recommend that the resolution be directed to the Governor instead.
- (2) Insert references to “federally qualified health centers” as essential partners for the 340B Program. While the 340B Program is utilized at many of the hospitals and pharmacies throughout the State, a large number of citizens (approximately 150,000 in rural and underserved communities), receive the discounts through FQHCs. As such, we believe references to FQHCs are appropriate, to wit:

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- (a) Page 1, line 4, “. . . hospitals and federally qualified health centers (FQHCs), . . .”;
 - (b) Page 1, line 17, “. . . hospitals and FQHCs. . .”;
 - (c) Page 1, line 31, “. . . hospitals and FQHCs. . .”;
 - (d) Page 2, line 2, “. . . hospitals and FQHCs. . .”;
 - (e) Page 2, line 13, “. . . hospitals and FQHCs. . .”;
 - (f) Page 2, line 20, “. . . hospitals and FQHCs. . .”; and
 - (g) Page 2, line 29, “. . . hospitals and FQHCs. . .”;
- (3) On Page 2 line 29 through Page 3, line 2, replace with the following language:

“BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor, the Directors of Health and Human Services, Hawaii’s congressional delegation, and Administrators of the Health Resources and Services Administration, and the Center for Medicare and Medicaid Services.”

The HPCA has been in discussions with the Healthcare Association of Hawaii and desires to partner with them on this important issue. With these friendly amendments, the HPCA urges your favorable consideration of this measure.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



Wednesday, March 20, 2024 at 10:30 am
Conference Room 329

House Committee on Health and Homelessness

To: Chair Della Au Belatti
Vice Chair Jenna Takenouchi

From: Paige Heckathorn Choy
AVP, Government Affairs
Healthcare Association of Hawaii

Re: **Support**
HCR 186/HR 166, Urging the Department of Health to explore avenues to ensure continued access to affordable medications for the state's underserved populations under the 340B Drug Pricing Program and urging Hawaii's congressional delegation and relevant federal agencies to monitor pharmaceutical companies and take appropriate actions to protect the integrity of the 340B Drug Pricing Program

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

The 340B Drug Pricing Program (the 340B program) was established in 1992 to help shield facilities serving low-income and vulnerable populations from high and ever-rising drug costs, and to ensure that they can continue to provide expanded services to those under-served populations. Specifically, this program requires pharmaceutical manufacturers to provide a discount on outpatient drugs to eligible facilities. Those savings are then used to support essential services at hospitals and community health centers, such as oncology or women's health services.

Eligible entities under this program include federally qualified health centers and certain safety-net providers, including critical access or disproportionate share hospitals that serve predominantly low-income patients. This program does not use state or federal funds—instead, the discounts provided by pharmaceutical companies allow safety net providers to stretch resources as far as possible to improve the health of underserved communities.

In Hawaii, there are dozens of eligible entities, with 15 hospitals eligible for the programⁱ. Of those 15 hospitals, six are HHSC hospitals, which are publicly funded by the state of Hawaii.

Other eligible entities include critical access hospitals that serve rural communities, such as Molokai General Hospital.

The benefits of the program have been under assault at the national level and across the country, with pharmaceutical manufacturers seeking to deny the intended savings to eligible entities. Our members have specifically struggled with restrictions levied by drug manufacturers on the use of contract pharmacies. Patients can and should be able to access their prescriptions from whichever pharmacy is most convenient and appropriate for them—however, pharmaceutical manufacturers have put artificial restrictions on the program that denies hospitals and other eligible entities from the savings that Congress intended for them to realize in order to best serve their communities.

We would note that the estimated benefit in discounts to 340B hospitals in 2022 was an estimated \$46.5 billion. This represents roughly 3% of global revenues for drug companies. Further, revenue growth in the United States for drug companies was \$331 billion between 2017 and 2022, while the discounts to hospitals provided to eligible hospitals was roughly \$30 billion. On the hospital side, costs for drugs overall has increased 20% since the pandemic, which affects costs that ultimately gets passed on to consumers through insurance premiums. Despite the increasing cost pressures for drugs, 340B hospitals provided just under \$85 billion in community benefits.

Dozens of states have initiated legislation on this matter, and there are federal efforts to address this difficult issue. Courts have also weighed in, with a ruling just last week in Arkansas validating state legislation to hold pharmaceutical companies accountable for their participation in this important program.

We appreciate the legislature's continued interest in ensuring that every resident in Hawaii has access to needed services and urge the passage of this measure to help ensure that the integrity of the 340B program is maintained in the state. Thank you for the opportunity to express our support for this measure.

¹ Hospitals in Hawaii that are 340B eligible include Kapiolani Medical Center for Women and Children, Pali Momi Medical Center, Straub Clinic and Hospital, The Queen's Medical Center, Adventist Health Castle, Hilo Medical Center, Kahuku Medical Center, Ka'u Hospital, Kauai veterans Memorial Hospital, Kona Community Hospital, Maui Memorial Medical Center, Molokai General Hospital, North Hawaii Community Hospital, Samuel Mahelona Memorial Hospital, and Wilcox Hospital.



**WAIANAЕ COAST
COMPREHENSIVE
HEALTH CENTER**

Subject: Testimony In Support of HCR186 & HR166 URGING THE DEPARTMENT OF HEALTH TO EXPLORE AVENUES TO ENSURE CONTINUED ACCESS TO AFFORDABLE MEDICATIONS FOR THE STATE'S UNDERSERVED POPULATIONS UNDER THE 340B DRUG PRICING PROGRAM AND URGING HAWAII'S CONGRESSIONAL DELEGATION AND RELEVANT FEDERAL AGENCIES TO MONITOR PHARMACEUTICAL COMPANIES AND TAKE APPROPRIATE ACTIONS TO PROTECT THE INTEGRITY OF THE 340B DRUG PRICING PROGRAM.

Aloha Chair Bellati, Vice Chair Takenouchi, and members of the Committee on Health and Homelessness,

Mahalo for allowing us to provide this testimony today in strong support of HCR 186 and HR166.

Waianae Coast Comprehensive Health Center (WCCHC) is Oahu's largest federally qualified health center, founded in 1972. With a 51-year history of providing accessible, quality, and affordable healthcare, WCCHC remains committed to bringing quality healthcare within reach of everyone in the Waianae coast and adjacent communities in the West Oahu region.

For more than thirty years, the 340B Program has provided critical resources that enable FQHCs and other program participants to deliver affordable and accessible health care services to the most underserved and vulnerable communities. This program is critical to services we provide.

We concur with the proposed amendments provided by the Hawaii Primary Care Association. Namely:

Recommended Amendments:

1. Replace references to "Department of Health" (DOH) with "the Governor". The federal 340B Program is administered by the federal Health Resources and Services Administration, the federal Center for Medicare and Medicaid Services, and the Hawaii State Department of Human Services (DHS) as part of managed care. As such, it would appear that DHS would be the appropriate State program to address specific questions on the 340B Program. However, the DOH is also charged with ensuring the provision of essential services and products at health care facilities throughout the State. To ensure that both DOH and DHS work together regarding the 340B Program, we recommend that the resolution be directed to the Governor instead.
2. Insert references to "federally qualified health centers" as essential partners for the 340B Program. While the 340B Program is utilized at many of the hospitals and pharmacies throughout the State, a large number of citizens (approximately 150,000 in rural and underserved communities), receive the discounts through FQHCs. As such, we believe references to FQHCs are appropriate.

Mahalo nui loa for considering our testimony.

Ian Ross
Director of Public Affairs
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March 19, 2024

TO: Chair Della Au Belatti, Vice Chair Jenna Takenouchi and Members of the House Committee on Health & Homelessness

FROM: Pharmaceutical Research and Manufacturers of America
(William L. Goo)

RE: **HCR 186, HR 166**
Hearing Date: March 20, 2024
Time: 10:30 a.m.

PhRMA represents the nation's leading biopharmaceutical research companies. PhRMA agrees that it is important to ensure the 340B program truly benefits the safety net which serves underserved communities in Hawaii. Unfortunately, as written, the resolutions are too broad and open the door to exacerbating existing problems in the program such as extending 340B pricing to contract pharmacies, which are not mentioned in the federal 340B statute.

PhRMA understands the important role which the safety net plays in Hawaii and will work with other stakeholders to address any concerns.

Thank you for considering this testimony.