



Friday, March 22, 2024 at 1:00 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Henry J.C. Aquino

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

Re: **Support**
SCR 81/SR 67, 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.



**Testimony to the Senate Committee on Health and Human Services
Friday, March 22, 2024; 1:00 p.m.
State Capitol, Conference Room 225
Via Videoconference**

RE: SENATE CONCURRENT RESOLUTION NO. 081, 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 San Buenaventura, Vice Chair Aquino, 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** Senate Concurrent Resolution No. 081, 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 2, line 3, “. . .hospitals and FQHCs. . .”;
 - (d) Page 2, line 5, “. . . hospitals and FQHCs. . .”;
 - (e) Page 2, line 12, “. . . hospitals and FQHCs. . .”;
 - (f) Page 2, line 24, “. . .hospitals and FQHCs. . .”; and
 - (g) Page 2, line 32, “. . . hospitals and FQHCs. . .”;
- (3) On Page 3, lines 1 through 4, 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 desire 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.



THE QUEEN'S HEALTH SYSTEM

To: The Honorable Joy San Buenaventura, Chair
The Honorable Henry Aquino, Vice Chair
Members, Senate Committee on Health & Human Services

From: Eric King, Director, 340B Program, The Queen's Health System

Jace Mikulanec, Director, Government Relations, The Queen's Health System

Date: March 22, 2024

Re: In Support of SCR81: 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 Queen's Health System (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to provide comments in **support** of SCR 81, which requests the Department of Health to explore avenues to ensure continued access to affordable medications for the State's underserved population under the 340B drug pricing program and urging Hawai'i'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 Queen's Health Systems' hospitals relies on 340B program savings to stretch scarce federal resources to reach more patients and provide more comprehensive services exactly as Congress intended when they created the 340B program over 30 years ago in 1992. QHS 340B hospitals use affiliated and community based retail and specialty mail order pharmacies to expand the reach of the 340B program to allow patients to receive 340B drugs close to their home or work via a well-defined contract pharmacy network. These contract pharmacy relationships are required to adhere to all of the same rules and regulations governing the 340B program as the covered entity 340B hospitals.

The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

Queen's 340B contract pharmacy networks have operated with great integrity since their inception, but in early 2020 as Hawai'i and the rest of the world was trying to deal with the Covid-19 pandemic, a handful of the world's most profitable drug manufactures created unnecessary and burdensome barriers to 340B pricing. More than four years later, the number of manufactures nationally who restrict access to 340B pricing for hospitals has grown to 31. Many of the manufactures only allow shipping of their drugs to the 340B hospital parent or hospital outpatient clinics directly which is in direct conflict of the 340B program's intent of reaching more patients. These unilateral and unlawful manufacture restrictions cost hospitals billions of dollars annually in increased drug cost and lost revenue. In Hawai'i, the manufactures' 340B contract pharmacy policies, again in direct conflict with the Congress' stated intent for 340B, cost Queen's and other Hawai'i hospitals and health center millions in excess drug cost and lost revenue from their contract pharmacies.

Drug manufactures' desire to put profits over people by restricting hospitals' use of contracted pharmacy to dispense 340B drugs in the State of Hawai'i should be examined. We urge the Committee to pass this measure and send a clear message to drug manufacturers and the Congress that it is unacceptable for any drug manufacturer to deny a public or privately owned 340B hospital's distribution of 340B priced drugs to their contracted pharmacy. We also urge the Department of Health to examine legislation passed in other states (including Arkansas and Louisiana) that preserves and strengthens the 340B program.

Thank you for the opportunity to testify in support of SCR81.



**Testimony to the Senate Committee on Health and Human Services
Friday, March 22, 2024; 1:00 p.m.
State Capitol, Conference Room 225
Via Videoconference**

SENATE CONCURRRENT RESOLUTION NO. 81/SR67, 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 PHAMACEUTICAL COMPANIES AND TAKE APPROPRIATE ACTIONS TO PROTECT THE INTEGRITY OF THE 340B DRUG PRICING PROGRAM.

Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

Aloha, my name is Pua Akana, PharmD, BC-ACP. I am the Director of Pharmacy and the Chief Operations Officer at Wahiawa Health Center. Wahiawa Health Center is only FQHC- Look-Alike (LAL) in the state of Hawaii. In that, unlike all other FQHC 330 grantees in the state, we do not receive federal funding. Wahiawa Health Center is the only FQHC servicing all of Central Oahu.

Wahiawa Health supports this resolution.

As a FQHC – LAL, we are not federally funded, however, we are able to participate in the 340 B pharmacy program. The 340 B program provides more than just affordable medications, the 340 B savings support non-billable positions such as patient navigators and community health workers to address the social determinants of health and reduce health inequity. The 340 B savings allows us to provide outreach services to our most vulnerable populations that need language assistance, those who experience food insecurity, those who have issues with transportation or who have no insurance.

I have been a pharmacist working within 340 B health centers for twelve years. I have seen firsthand that the 340 B savings allows us to serve more patients and provides access to medical, dental, behavioral health, pharmacy, social services, care coordination, outreach, community health and



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case management services. Losing or the ongoing reduction of these savings would be detrimental to the community. These losses and reductions would increase health inequities and create more barriers to care. As a pharmacist who is a part of team-based care, I have experience working with patients and providers addressing patient medication adherence.

What I have learned is that there are several reasons why patients don't take their medications. In our community, it is a combination of the cost of medications and the social determinants of health that the individual or the family is experiencing. For example, food, lack of housing, lack of electricity, language barriers, transportation. 340 B savings allows FQHCs to provide additional enabling services to treat the whole patient. We need the 340 B savings to provide enabling services that address the social determinants of health to improve overall health outcomes and medication adherence.

Wahiawa Health utilizes its 340 B savings to promote patient centered care by responding to the unique needs of the communities that we serve. Wahiawa Health has implemented team based care, which includes a dedicated clinical pharmacist, community health worker and a patient navigator who works with the patients family, physicians or APRNs, to coordinate medication delivery, medication education and address any barriers to medication adherence or barriers to the patients' medical and behavioral treatment plan. This team works together to address the social determinants of health that maybe affecting the patient's ability to achieve their full potential for optimal health and well-being.

This is one of the many ways that health centers utilize 340 B savings to serve low-income, underserved and vulnerable populations. Protecting 340 B savings is critical to both Hospitals and FQHCs. Over the past twelve years, I have seen the 340 B savings under attack from the pharmaceutical companies. The hospitals and the FQHCS need 340 B protections to ensure that our communities do not lose access to valuable, lifesaving care that the 340 B program financially supports.

I support the need for the hospitals to maintain the program, however, as a pharmacist in the community, I ask that the legislature also support 340 B in FQHC's and to insert references to FQHC's as essential partners for the 340 B program along with the hospitals. I also ask the legislature to enable State agencies to oversee, regulate and protect the 340 B program for our people.

Thank you for this opportunity to share the importance of protecting the 340B program.



**WAIANAЕ COAST
COMPREHENSIVE
HEALTH CENTER**

Subject: Testimony In Support of SCR81 & SR67 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 San Buenaventura, Vice Chair Aquino, and members of the Committee on Health and Human Services,

Mahalo for allowing us to provide this testimony today in strong support of SCR 81 and SR 67.

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 20, 2024

TO: Joy A. San Buenaventura, Chair
Henry J. C. Aquino, Vice Chair
Members of the Senate Committee on Health and Human Services

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

RE: **SCR 81, SR 67**
Hearing Date: March 22, 2024
Time: 1:00 p.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.