

Tuesday May 16, 2023, 10am

Dr. Juan Jaime de Zengotita, Medical Director at Fenway Health

**Testimony for state legislative hearing on 340B Drug Discount Program bill: HD3037/SD1821—
AN ACT PROHIBITING DISCRIMINATION AGAINST 340B DRUG DISCOUNT PROGRAM
PARTICIPANTS**

Hello, I am Dr. Juan Jaime de Zengotita, Medical Director at Fenway Health in Boston. Fenway Health strongly supports HD3037/SD1821— AN ACT PROHIBITING DISCRIMINATION AGAINST 340B DRUG DISCOUNT PROGRAM PARTICIPANTS.

Fenway Health is a federally-qualified health center and Ryan White Part C HIV clinic serving about 35,000 patients in four sites—two clinical and two public health sites—in Boston and Cambridge. Roughly half of our patients are LGBTQIA+, and over 5,000 are transgender and nonbinary. About 2,200 patients are people living with HIV, and about 3,000 are on PrEP for HIV prevention. The Fenway Institute is the research, training, and health policy division of Fenway Health. A major focus of our work is HIV and STI prevention and research.

Community health centers provide care for patients regardless of their insurance status or ability to pay. In Massachusetts, 52 health centers provide high quality health care (including primary care, mental/behavioral health care, dental care, and care for substance use disorder) to some one million state residents through more than 300 sites across the Commonwealth. In addition to providing comprehensive health services to vulnerable populations, health centers facilitate access to health insurance coverage for low-income residents. Our patients are disproportionately low-income, working poor people, members of racial and ethnic minority groups, and immigrants.

Of the 35,000 patients that Fenway Health serves, 7% are uninsured altogether, and 36% are at or below 200% of the federal poverty level (FPL), which makes them eligible for our sliding fee discount program. Care for these 12,600 patients is made possible by 340B generated revenues. Approximately \$1.3 million in free and discounted medication is given to patients in need by the Fenway pharmacy's two branches each year. The pharmacies also offer a free home delivery service for homebound patients and others unable to pick up their medication. Together, the two locations fill well over 500 prescriptions per day. Many CHCs participate in the 340B drug pricing program in order to provide prescription drugs to their patients and low or no cost. As safety net providers committed to ensuring affordable access for all, FQHCs are already part of the solution to unaffordable drug prices – not the problem. By law, all savings that health centers make through 340B discounts is used either to make medication affordable for low-income patients, or to support other activities that expand access to care. Health centers are a tiny part of the total 340B program – accounting for only 6% of national 340B sales, but 340B is critical to health centers' ability to provide affordable drugs and other services to underserved individuals.

The biggest problem with payers and insurers is treating federally qualified health centers like Fenway differently with payment rates and requirements. The payers collectively require centers to code pharmacy claims if 340B medications are used. This has led to decreased reimbursement rates from payers with take it or leave it rate payments for the covered entity owned pharmacy. Also payers will

and have reclassified then the pharmacy as a non-retail pharmacy even though they hold a retail license. They do that as it allows them to set lower overall payments for medications including 340B and non-340B medications.

AN ACT PROHIBITING DISCRIMINATION AGAINST 340B DRUG DISCOUNT PROGRAM PARTICIPANTS would follow the approach enacted in other states, creating protections against PBMs' discriminatory practices in the commercial market. It would prohibit health insurers and PBMs from imposing conditions that differ from those applied to non 340B-covered entities. The bill would restore the intent of the 340B program and returns savings to the safety net, versus to the bottom line of for-profit companies. Fenway Health strongly urges you to pass this bill to protect safety net health centers and promote health equity in Massachusetts.

Thank you.