



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
PUBLIC HEALTH COMMITTEE
Friday, March 1, 2024**

**SB 241, An Act Concerning The Office of Health Strategy's Recommendations
Regarding 340B Program Transparency**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 241, An Act Concerning The Office Of Health Strategy's Recommendations Regarding 340B Program Transparency**. CHA opposes the legislation.

Connecticut hospitals are critical to their communities. They are confronting the challenges posed by a post-pandemic healthcare system with an exemplary healthcare workforce that continues to provide outstanding care. But challenges remain. Hospitals are treating sicker patients, it continues to be challenging to hire and retain staff, and the financial headwinds are grave. Through it all, hospitals are steadfast, providing high-quality 24-hour care for everyone who walks through their doors, focusing on making Connecticut's healthcare system more equitable, and driving world-class innovation right here in Connecticut.

The assistance made possible by the federal 340B program supports communities across our state. The health inequity across our country reinforces the ongoing need for the investments 340B savings allow. In Connecticut, hospitals that are eligible for the federal 340B program qualify by meeting a disproportionate share hospital percentage. Meaning, these hospitals are treating a disproportionately high percentage of low-income or uninsured patients for whom hospitals subsidize care.

The 340B program was established more than 30 years ago by the federal government to allow hospitals and other covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Access to drug discounts provided through the program assists hospitals in meeting the needs of their patients in vulnerable communities. In many instances, the availability of 340B pricing is what allows a hospital to provide certain services at all. Without the program, many patients would need to seek care elsewhere.

Unfortunately, this legislation seeks costly and impractical reporting on a federally regulated program to the state government by covered entities for no identified public policy purpose. This reporting is unnecessary and unworkable. It creates a significant risk that hospitals will

use the program less because the administrative burdens will outweigh the benefits of participation.

Last year, expert testimony was provided by hospital pharmacy directors with years of experience in administering the program for their hospitals. In their view, this type of reporting would create tremendous administrative burden. For example, hospitals often do not receive reimbursement information down to the drug level for many payers, making reporting at this level impracticable.

Additionally, as the federal administrator of the program, the Health Resources Services Administration (HRSA) requires each covered entity, including hospitals, to recertify their eligibility annually, and 340B entities are subject to audit for compliance.

The savings derived from the 340B program — meaning the difference between the discounted price at which covered entities are able to purchase 340B drugs and the non-discounted price they would otherwise be required to pay — supports the \$1.2 billion in unreimbursed care for low-income Medicaid beneficiaries provided each year, the nearly \$270 million in uncompensated care (charity care/bad debt) provided each year, and the millions in community investments provided each year by hospitals across the state.

The purpose of the federal 340B program is for covered entities to use the program broadly to reach more eligible patients and offer more comprehensive services. Hospitals are able to support their critical financial assistance policies, which provide free and reduced-cost care, in part due to 340B program savings. Connecticut hospitals strive to ensure that inability to pay for services does not deter anyone from seeking needed medical care, and 340B program participation helps support the ability of hospitals to offer financial assistance policies beyond statutory requirements, helping to ensure more patients can afford their medical care.

A well-functioning 340B program is essential to hospitals that serve vulnerable communities and, as the statute describes, stretch scarce federal resources as far as possible to support essential services for their communities.

Unfortunately, this legislation adds unnecessary burden to 340B covered entities with no benefit to patients.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.