

## **Testimony in Support of House Bill 1473**

### **House Industry, Business and Labor Committee Representative Jonathan Warrey, Chair February 10, 2025**

Chairman Warrey, Vice Chair Johnson, and Members of the Committee:

I am Shelly Ten Napel, the CEO of the Community HealthCare Association of the Dakotas (CHAD) testifying on behalf of our member community health centers. Thank you for the opportunity to submit testimony in strong support of House Bill 1473. This bill would protect the 340B drug discount program that so many of our patients rely on for access to needed medications by stopping Big Pharma from imposing arbitrary and unnecessary contract pharmacy restrictions.

CHAD is the non-profit primary care association representing community health centers across North Dakota and South Dakota. These non-profit, community-driven clinics provide high-quality primary and preventative care to all individuals, regardless of their ability to pay. Here in North Dakota, five community health centers provide care at 22 delivery sites in 20 communities, located in both rural and urban areas of our state. This includes primary medical, dental, behavioral health, and substance use disorder care.

The 340B Drug Pricing Program was established in 1992 and enables certain health care providers to purchase outpatient drugs at discounted prices from pharmaceutical manufacturers. Its goal is to stretch scarce resources to serve low-income and uninsured populations. Health centers use these savings to lower medication costs for patients and to fund vital health services. The program operates without taxpayer funding and ensures health care access for rural and underserved populations. Further, the program has reporting expectations with which our members comply.

As you may know, all pharmacies in North Dakota must be majority-owned by a local pharmacist. Health centers and other facilities therefore rely on contract pharmacies for patients to get needed medications near home. Through the 340B program, our members are able to partner with their local pharmacies to ensure their patients receive affordable prescriptions. These discounts enable many patients to adhere to recommended treatment plans which improve their health outcomes and quality of life.

The impact of 340B extends well beyond the patients who receive discounted medications. Health centers and other covered entities reinvest 340B savings into services that further benefit their patients and communities. At health centers, 340B savings fund a variety of patient services, including transportation, telehealth, behavioral health, chronic disease management, and more. 340B savings also play a critical role in sustaining the overall operations and staffing of many health centers, keeping access to care available in rural and underserved communities.



Community HealthCare Association of the Dakotas

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Unfortunately, pharmaceutical companies are increasingly imposing restrictions on the use of contract pharmacies. As a rural state that relies on contract pharmacies, these restrictions undermine the very purpose of the 340B program in North Dakota. Contract pharmacy restrictions imposed by Big Pharma have negatively impacted health centers and their patients, and 340B savings trends are in decline. One of our member health centers explained, "Contract pharmacy restrictions have reduced our revenue from the program, therefore decreasing our overall impact opportunities. We anticipate the reduction in our upcoming fiscal year to be about one-third of our annual 340B revenue."

North Dakota is on solid legal ground to pass this bill. Eight other states have already passed similar laws, and 10 more states have introduced legislation this session just like North Dakota. Big Pharma lost their legal challenge to a similar law in Arkansas in the 8<sup>th</sup> Circuit of Appeals (the 8<sup>th</sup> Circuit also covers North Dakota), and the Supreme Court declined to hear Big Pharma's appeal of that case.

Please support your local community health centers, non-profit hospitals, contract pharmacies, and local communities, and vote yes on HB 1473. Thank you for your consideration, and we welcome you to reach out with any questions.

Sincerely,

Shelly Ten Napel, CEO  
Community HealthCare Association of the Dakotas