



March 11, 2025

Senate Human Services Committee

600 East Boulevard Avenue
Bismarck, ND 58505

Subject: Support for HB 1473: Prohibited Acts of Drug Manufacturers

Dear Committee Members,

I am writing to express my support for HB 1473 and for the strengthening of rural health care quality and access, thus ensuring the stability of rural North Dakota culture. This legislation would help ensure the 340B program is carried out in the spirit that it was originally intended, namely for the benefit of underserved patients.

The original intent of the 340B Drug Pricing Program, established in 1992, was to provide financial relief to healthcare organizations that serve uninsured and low-income patients, allowing them to stretch scarce resources and provide more comprehensive care. The program was created under the Veterans Health Care Act of 1992 and requires pharmaceutical manufacturers that participate in Medicaid to offer discounted outpatient drugs to eligible healthcare facilities. Drug manufacturers are not required to publicly report their profits by participating in the Medicaid Drug Rebate Program, but this does require them to participate in the 340B program. The dollars that are part of the 340B program are not funded by the taxpayers, meaning there are no federal or state dollars directly involved, but rather the 340B funds are a portion of the savings that drug manufacturers earn by participating in the rebate program. This fact translates to the reality that any drug manufacture-initiated inhibition of the 340B program will not save taxpayers any money.

As a health care provider, administrator, and a patient of a critical access hospital I know firsthand the importance of local rural health care. This care absolutely saves lives. However, this care is not fully paid for by many of our various revenue streams. For example, at the Heart of America Medical Center we lose about \$400,000 dollars every year by operating our EMS service, \$365,000 for bad debt, \$20,000 for diabetes education, and we must spend about \$2,000,000 annually on contract labor primary for elder care needs. We also provide about \$250,000 annually in the form of charity care. The 340B program helps to offset these expenses and allows us to continue these services.

As a health care facility, we are more than happy to make this data clearly available to the public. In fact, HAMC has developed a report to clearly track savings from the 340B program. These savings have been used to ensure a functional EMS program including lifesaving timely ambulance transfers, a diabetes educator, and fully staffed swing-bed and acute care departments. It should also be noted that over the past few years many requirements from drug

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manufacturers have attempted to erode 340B savings for rural health care, while our expenses continue to rise. If this trend continues services will be cut for our rural communities.

Our rural hospitals have nothing to hide regarding the 340B program. However, we do need this program to remain robust and functioning as the original intent has been generally understood. We also believe that as locally owned rural health care providers we know best how to utilize the 340B savings to ensure affordable and available care for our communities. If this program is significantly inhibited, services will be lost for our low-income and uninsured rural residents.

I urge you to support HB 1473 and support policies that strengthen quality and access to rural health care. Thank you for your time and consideration.

Sincerely,

Erik Christenson
CEO