

Testimony in Support of House Bill 1473

Senate Human Services Committee
Senator Judy Lee, Chair
March 12, 2025

Chair Lee, Vice Chair Weston, and Members of the Committee, I am Shelly Ten Napel, CEO of the Community HealthCare Association of the Dakotas (CHAD). On behalf of CHAD and our member community health centers, thank you for the opportunity to testify in strong support of House Bill 1473, which would protect the 340B drug discount program that so many of our patients rely on for access to needed medications. I am joined today by Margaret Asheim, CEO of Family HealthCare, who will also share testimony.

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 who choose to participate. Its goal is to stretch scarce resources to serve low-income and uninsured populations. Health centers use these savings to provide patients with discounted medications and to fund vital health services. For example, a patient may only need to pay a nominal fee – such as \$10 – for a prescription that would have cost them hundreds of dollars. The program operates without taxpayer funding and ensures health care access for rural and underserved populations. Health centers and other covered entities comply with the Federal government’s established reporting requirements for this program.

Dr. Aaron Garman, a Family Physician of 25 years and Medical Director with Coal Country Community Health Centers, is not able to be here in person today, as he is seeing patients. He did, however, submit written testimony, and I’d like to share a few of his comments with you this morning. He states:

“When I first began practicing, the challenge of affording necessary medications was an all-too-common and heartbreaking reality for many of my patients. I often had discussions with patients about treatment options, only to have them tell me, “Doc, I just can’t afford that pill.” It was devastating to know that these patients—many of them farmers and ranchers—had to choose between life-saving medications for conditions like diabetes, heart disease, and stroke prevention, and basic necessities like feeding their families.”



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In those early years, we did everything we could to help, including Dr. Jackson, my colleague, who would occasionally pay out of his own pocket to cover the cost of medications for patients who needed them the most. This approach was not sustainable, and it highlighted a painful gap in our healthcare system: the ability to access the treatments they desperately needed.

Everything changed when we became a Federally Qualified Health Center in 2003, granting us access to the 340B program. With 340B, we could provide medications to these same patients at a nominal cost, ensuring they receive the care they needed without having to make impossible choices. Thanks to this program, I no longer have those difficult conversations with patients. I no longer must watch them struggle to choose between essential care and putting food on the table."

As you can see from Dr. Garman's comments, the 340B program has enabled health centers to pass discounts directly to patients who need them. In addition to providing patients with discounted medications, health centers reinvest 340B savings into services that further benefit their patients and communities. This includes behavioral health, chronic disease management, telehealth, transportation for medical appointments, and more.

Today, this program is under threat. Pharmaceutical companies are increasingly imposing restrictions on the number of pharmacies that a health center or covered entity can contract with. As a rural state that relies on contract pharmacies, these restrictions undermine the very purpose of the 340B program in North Dakota.

For example, Coal Country Community Health Center has locations in Beulah, Hazen, Killdeer, and Center. If they were to choose Beulah as their only 340B contract pharmacy, this would leave their Killdeer patients having to travel an hour to Beulah for discounted medications. Imagine you already can't afford needed medication, and now you are told you must come up with the gas money to drive a full hour to access discounted medication, despite the fact that that same medication is sitting on the shelves at your hometown pharmacy. We are simply asking today that patients not be put in that position and that local health centers and other covered entities be trusted to contract with the local pharmacies their patients rely on to access 340B medications. According to Dr. Garman, "The changes that PhRMA is making to this program make it impossible to meet requirements and thus will force our clinic to abandon the program. This will negatively affect the patients that we serve and our communities."

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 8th Circuit of Appeals (the 8th Circuit also covers North Dakota), and the Supreme Court declined to hear Big PhRMA'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

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welcome you to reach out with any questions.