



STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

55 FARMINGTON AVENUE • HARTFORD, CONNECTICUT 06105

Working Group for the Prescription Drug Pricing Program Pursuant to Section 340B of the federal Public Health Service Act (Established by Connecticut Public Act 23-171, Section 16)

MEETING MINUTES for November 28, 2023 Meeting

1. Introductions

Mehul Dalal, DSS, summarized the agenda for the meeting and introduced Bill Smith, Pioneer Institute. Lara Manzione, OSC, introduced herself. Other individuals previously introduced themselves during the November 7, 2023 meeting.

2. Brief Summary of November 7, 2023 Meeting

Mehul Dalal, DSS, briefly summarized the previous meeting.

3. Discuss Each Specific Provision of PA 23-171, Sec. 16

There was a brief description of the provisions of PA 23-171, Sec. 16.

Bill Smith, Pioneer Institute, gave a presentation on, among other topics, national trends of the 340B program using PowerPoint presentation, which includes a summary of the history of the program based on federal law and incentives for hospitals to buy drugs at a discount and bill at the standard Medicare or commercial insurance rates, as applicable, more straightforward scenario for uninsured individuals. There has been significant growth in the program, which was intended to support hospitals serving low-income and uninsured individuals. At the same time that 340B has grown, overall average charity care percentage has declined, primarily for hospitals, less significant for clinics, which generally provide more charity care. Summarized the Pioneer Institute web tool to analyze 340B program growth, legislative district mapping, and hospital charity care. There has been significant increases in growth, especially since 2011 when the U.S. Department of Health and Human Services (HHS) removed the cap on 340B contract pharmacies. The tool also shows the prevalence of 340B covered entities in lower vs. upper income areas, some states have comparable or higher concentrations in upper income areas. He summarized suggestions for what states can do to reform the 340B program. Identified uncontrolled 340B growth with declining charity care—states can require 340B covered entities to disclose 340B revenue and charity care spending (under a uniform definition). Focus on improving transparency. Recommends identifying underserved and overserved offices, including satellite offices in upper income areas to leverage more generous insurance, suggests using the Pioneer Institute website tool and hold hearings to improve transparency. Website is: <https://pioneerinstitute.org/340babuse>

Q. CT State Sen. Heather Somers: Original federal 340B bill has confused many people. How does the billing occur?

A. Bill Smith: 340B statute does not require how the 340B covered entity must bill the payers related to the 340B discount, federal 340B statute allows the covered entity to bill in the same manner and what the patient pays is not in statute. The 340B statute does not specify who can be a patient served by the program.

Q. CT State Sen. Somers: Example of a product that is purchased at a tiny amount but billed to the patient or the insurance at a much, much higher amount. Only recent legislation requiring the covered entity to report on the details. Is it wholesale or list price?

A. Bill Smith: The commercial insurer or Medicare would pay a percentage of the list price, not the full amount.

Q. Gui Woolston, DSS: How is the tool used to compare concentration of 340B entities relate to changing the policy in practice?

A. Bill Smith: Limited state ability to change the policy outcome because 340B is federal law, but the tool can be used to improve transparency.

Q. Paul Kidwell, CT Hospital Association (CHA): Where does the Pioneer Institute receive its funding?

A. Bill Smith: Pioneer gets a mixture of types of funding, including pharmaceutical industry; he is a former Pfizer executive.

Sabrina Griswold, Designee of Community Health Center Association of CT (CHCACT): The misuse of 340B has been shown to be primarily by hospitals, not FQHCs, which help serve uninsured and underinsured patients. Recommends looking at impact on hospitals vs. non-hospitals. States that FQHCs are directly passing on the savings to patients but challenges if the FQHC does not have an in-house site and problematic because the contract pharmacy does not have the ability to pass along the discounts to uninsured patients.

Q. Joel Norwood, DSS: Any examples of states taking action to address issues identified in Bill Smith's presentation?

A. Bill Smith: Not aware of states taking action but recommends federal statutory changes and more transparency.

Sen Somers: Although FQHCs also provide care to low-income individuals, also recommends that FQHCs (and any other 340B covered entities) must also have transparency. Also recognizes the challenges if an FQHC does not have an in-house pharmacy in certain contexts.

Drew Gattine, NASHP: A lot of the data that NASHP has collected aligns with the data that Mr. Smith presented. There were three states that passed some type of transparency, Minnesota, Maine, and Washington State. Can provide the actual language for those bills, each of them different but all in common in improving transparency.

Zoom Chat Note: Paul Kidwell 9:36 AM

Each year CHA issues a report on hospital community benefits. The last reported year's report (2021) can be found here:

<https://www.cthosp.org/documents/web/CHA%20website/2023%20toolkit/FINALCBRprint.pdf>

Nonprofit hospitals report community benefit to the IRS annually; and CHA compiles that information to prepare a report on hospital community benefits.

4. Process for Gathering Feedback from Workgroup Members

There was a brief discussion about DSS requesting working group members to send documentation related to the provisions of Public Act 23-171, section 16.

CHA plans to put together a more formal presentation

Sabrina Griswold will reach out to CHCACT to gather additional information specific to the provisions of the statute. Felipe also agreed to gather information on behalf of Community Health Center (CHC), Inc. (based on information in the meeting chat, since he indicated that his internet connection on the Zoom meeting was unstable.

5. Proposed Agenda for Upcoming Meeting

Patricia McCooey, Assistant Attorney General, CT Attorney General's Office (AGO): Next meeting, AGO will summarize their activity related to 340B program and pharmacy pricing more generally and request information. States are key stakeholders in the 340B program and monitoring litigation regarding federal preemption and ERISA preemption.

Paul Kidwell, CHA agrees with having helpful context of litigation across the country on 340B.

6. Other Business

No other business was identified.

7. Adjourn

The meeting was adjourned.