



**TESTIMONY PRESENTED TO THE PUBLIC HEALTH COMMITTEE**  
**March 1, 2024**

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Supporting SB 241 AN ACT CONCERNING THE OFFICE OF HEALTH STRATEGY'S RECOMMENDATIONS REGARDING 340B PROGRAM TRANSPARENCY.

Supporting SB 242 AN ACT CONCERNING THE OFFICE OF HEALTH STRATEGY'S RECOMMENDATIONS REGARDING THE ALL-PAYER CLAIMS DATABASE.

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Good afternoon, Senator Anwar, Representative McCarthy Vahey, Senator Kushner, Senator Marx, Representative Parker, Senator Somers, Representative Klarides-Ditria and distinguished members of the Public Health Committee. I am Deidre Gifford, Executive Director of the Office of Health Strategy (OHS), and I appreciate the opportunity to testify regarding the bills that would directly affect the core aspects of OHS's mission and the work we do. OHS's mission is to implement comprehensive data driven strategies that promote equal access to high-quality healthcare, control costs and ensure better health outcomes for the people of Connecticut.

**Testimony Supporting SB 241**

First, I am pleased to offer testimony in support of OHS' bill, An Act Concerning the Office of Health Strategy's Recommendations Regarding 340B Program Transparency (SB 241). The goal of this legislation is to strengthen the 340b program and enhance affordability in Connecticut by bringing more transparency to the amount and uses of funds generated under the federal 340B program. This legislation builds on the significant work this Committee undertook last year and the stakeholder feedback that we heard.

The 340B program was created in 1992 and requires drug manufacturers to provide covered outpatient drugs to certain eligible health care entities ("340B covered entities") at reduced prices as a condition of participating in the Medicaid program. According to the Health Resources & Services Administration (HRSA), the federal agency that administers the 340B program, the goal of the program is to enable covered entities to stretch scarce federal resources as far as possible to reach more eligible patients and provide more comprehensive services. 340B covered entities are defined in federal statute and include federally qualified health centers (FQHCs), Ryan White clinics, state AIDS Drug Assistance programs (CADAP in Connecticut), Medicare/Medicaid Disproportionate Share Hospitals, children's hospitals, and other safety net providers.<sup>1</sup>

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<sup>1</sup> Public Health Service Act § 340B(a)(4); 42 U.S.C. § 256b(a)(4).

In 2022, nationally, 340B covered entities purchased \$53.7 billion in covered outpatient drugs under the 340B program.<sup>2</sup> While 340b covered entities can purchase the drugs at the 340b “ceiling price,” which is generally significantly lower than prices they would otherwise pay, they are reimbursed by Medicare and commercial payers at the same price as for other, non-340b drugs. This differential, or margin, can generate significant revenue for the covered entity. While the savings under the program are intended to be spent to improve access and expand services, in an atmosphere of increasingly unaffordable prescription medications, the state has neither the insight into how much revenue covered entities in Connecticut are receiving under the program, nor information about how they are investing that revenue to benefit low income populations. This bill, modeled after similar 340B transparency legislation passed in Minnesota in 2023, would require all covered entities to report high-level summary aggregate statistics including:

- 1) The total amount the covered entity paid for 340B drugs;
- 2) The total amount the covered entity received in reimbursement for 340B drugs;
- 3) The total amount the covered entity paid to contract pharmacies to dispense 340B drugs to its patients; and
- 4) The total number of claims for 340B drugs.

These aggregate summary statistics would be reported separately for each payer type including commercial insurance, Medicaid, and Medicare. Additionally, covered entities that are hospitals would be required to submit the same information at the national drug code (NDC) level for the 50 most frequently dispensed drugs by that covered entity under the 340B program.

After additional conversations with stakeholders, OHS urges the Committee to add one additional reporting requirement, namely, “a description of how the covered entity uses savings from participation in the 340B program to benefit its community. This could include programs and services funded in whole or in part by savings from the 340B program, including services that support community access to care that the entity could not continue without savings from the 340B program”.

As the state strives to improve affordability of health care while increasing access and improving quality, it is imperative that the state have clearer information around the savings covered entities earn under the 340B program and how the entities use those funds. Further, as the number of contract pharmacies dispensing 340B drugs for covered entities increases, it is important that the state have more information about how much of the 340B savings are being paid to such contract pharmacies.

### **Testimony Supporting Senate Bill 242**

Second, I offer my testimony in support of OHS’ bill regarding the All Payers Claims Database which has three components. The first two relate to hospitals’ responsibilities for reporting community benefit program activities to OHS. Community Benefit programs are critical components of the health care delivery system which promote preventative health care, protect

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<sup>2</sup> Health Resources & Services Administration, 2022 340B Covered Entity Purchases, [2022 340B Covered Entity Purchases | HRSA](https://www.hrsa.gov/opa/updates/2022-340b-covered-entity-purchases). Retrieved from <https://www.hrsa.gov/opa/updates/2022-340b-covered-entity-purchases>

health and safety, improve health equity and reduce health disparities, reduce the cost and economic burden to poor health, and improve population health. While these programs are voluntary, hospitals must provide a status report on their community benefit programs outlining any major updates regarding community health needs, priorities and target populations; progress made regarding the hospital's actions in support of its implementation strategy; any major changes to the implementation strategy and hospital actions; and a description of financial resources and other resources allocated or expended that support the action taken in support of the hospital's implementation strategy, to the OHS.

This bill continues to provide hospitals with APCD data as outlined in Connecticut General Statutes section 19a-755a, and seeks to strengthen data privacy and protections for consumers by removing the "notwithstanding provision" which dilutes OHS' ability to ensure that only deidentified data is provided to hospitals. Hospitals can request data from the APCD through the APCD Data Release Committee ensuring that confidentiality is protected as required by state and federal law. Additionally, we seek to remove any supposition that hospitals need to receive APCD data prior to completing their community benefit report or that a hospital's lack of receiving the APCD data precludes their ability to fulfill their statutory requirement to provide community benefit information to OHS. Many of the report components are not reliant upon APCD data.

Additionally, to get a fuller picture of the total cost of health care in the state, Section 2 would allow OHS to collect non-claims data which would supplement our understanding of spending drivers. This bill would allow for the collection of non-claims data for inclusion in the APCD. Currently, the APCD collects only those health expenditures that are specifically tied to a claim. A claim is a medical bill that a health care provider submits to the payer based on a specific item or service. However, health care expenditures include other payments that may not be specifically tied to an individual claim for payment related to an individual item or service. These "non-claims" payments include transactions associated with alternative payment models such as care management, shared savings, quality payments and bonuses, pharmacy rebates and other price concessions paid by pharmacy benefit management and drug manufacturers to the health insurance payer, and information technology or electronic medical record investment, for example. We also submitted language for this bill that would create an implementation plan that was inadvertently left out of the raised draft. We would like to submit the language below to the committee, and we ask that it be included in any subsequent versions.

"Section 3. (NEW) Add to 19a-755a.

*A reporting entity shall submit to the Office of Health Strategy the non-claims data identified in subsection (a)(1)(B) of section [19a-755a](#). The APCD Advisory Group set forth in section 17b-59f shall recommend reporting requirements for the non-claims data to the executive director of the Office of Health Strategy.*

*On or before February 1, 2025, the Advisory Group shall report to the executive director of the Office of Health Strategy its recommendations. Upon adoption of reporting requirements as set forth in subdivision (1) of this subsection, reporting entities shall submit their 2025 calendar year non-claims data to the Office of Health Strategy not later than June 30<sup>th</sup>, 2026.*

*On June 30<sup>th</sup> and annually thereafter, reporting entities shall submit to OHS the preceding calendar year non-claims data."*

The state relies on the data in the APCD to guide its overall health care strategy and it is essential that we have the most comprehensive understanding possible of all health care payments rather than solely those expenditures tied to a specific claim for service.

### **Conclusion**

Thank you for providing OHS with the opportunity to testify on these important matters before the Committee. OHS respectfully requests support of these bills with modification, which will enhance OHS' ability to fulfill its Community Benefit reporting requirements, and the state's ability to address drug and health care affordability for Connecticut residents. If you have any further questions, please do not hesitate to contact OHS through our legislative liaison, Cindy Dubuque-Gallo, at [cindy.dubuque-gallo@ct.gov](mailto:cindy.dubuque-gallo@ct.gov).