



October 13, 2025

Ohio State Legislature
Ohio House of Representatives
House Insurance Committee
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Sent Via Electronic Mail

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Industry Advisory Group (IAG)

RE: HB 276

Dear Honorable Chair Lampton, Vice Chair Craig, Ranking Member Hall,
Members of the Ohio House Insurance Committee,

The Community Access National Network writes today respectfully in **OPPOSITION** to **HB 276**, which would expand the federal 340B Drug Pricing Program in Ohio without sufficient oversight to ensure the program appropriately serves patients, particularly those living with HIV and other chronic health conditions. We encourage the legislature to reconsider this legislation for a legislative study of the impact of the 340B program in Ohio considering the concerns and conflicts outlined in this letter.

ABOUT CANN: The Community Access National Network (CANN) is a 501(c)(3) national nonprofit organization (formerly incorporated under the "Ryan White CARE Act Title II Community AIDS National Network") focusing on public policy issues relating to HIV/AIDS and viral hepatitis. CANN's mission is to define, promote, and improve access to healthcare services and supports for people living with HIV/AIDS and/or viral hepatitis through advocacy, education, and networking. CANN's coalition-based work is done on behalf of the patient advocacy groups, pharmaceutical partners, and government agencies.

Numerous Reports Highlight 340B's Problems

The flaws in the current state of the 340B program are well documented. In the recent [Congressional Budget Office \(CBO\) report](#), the agency identified how the program incentivized behavior such as hospital and clinic consolidation that has led to the rapid growth of the program, and its impact on federal (and state) budgets.

These incentivized behaviors have caught the attention of the federal government, [Senator Bill Cassidy, Chair of the Senate Health, Education, Labor and Pensions \(HELP\) Committee recently released a report](#) which highlights the proliferation of fees across the health ecosystem diverting the intended purpose of 340B "to reach more eligible patients, and provide more comprehensive services." to benefit large

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health systems, large for-profit chain pharmacies, Pharmacy Benefit Managers, Third Party Administrators (TPAs), and calls for reform at the federal level.

340B Threatens Medicaid Sustainability

In April 2025, researchers [published an issue brief](#) on the potential impact to state Medicaid programs from state contract pharmacy mandates in the 340B Drug Pricing Program such mandates would cost Medicaid \$1.2 billion more annually, of which \$437 million would impact state budgets directly and the 340B program's broader current fiscal impact related to Medicaid.

Importantly, a [July 2025 analysis](#) assessed how much each state loses in Medicaid Rebates due to providers opting to bill claims under the 340B program rather than Medicaid. For Ohio, that realized loss is about \$212,200,000. The specific impact here means that Ohio actively lost almost \$64.1 million in re-investable Medicaid rebates which would otherwise have contributed to the state's mandated "share" of Medicaid payments. With anticipated reductions in federal matching dollars (FMAP) due to this year's federal Reconciliation bill, the state simply cannot afford to surrender these dollars which would otherwise be used to sustain the state's Medicaid program.

Taken as a whole, directly, 340B without guardrails, which is what is being suggested in **HB 276**, drives up costs to patients and states and reduces available reinvestments for state Medicaid programs, which might otherwise be used to offset the program's budgetary impact.

Recent State-level Legislation Conflicts with Federal Actions

These reports are not the only federal movement to reform the 340B program, the Health and Human Services Administration (HHS) recently released a proposed rebate model pilot, the Centers for Medicare and Medicaid Services (CMS) [draft guidance on the interactions of Inflation Reduction Act's drug price negotiations with the 340B drug pricing program](#), the introduction of the [340B Affording Care for Communities and Ensuring a Strong Safety-Net Act \(340B ACCESS Act\)](#), and federal rule-making occurring at present.

Specifically, the draft guidance related to the IRA's interaction with 340B allows pharmaceutical manufacturers to delay payment for a medication for up to 14 days when a claims modifier is not present. Many state proposals seek to explicitly prohibit the use of claims modifiers, a gold standard in claims validation, for a yet inexplicable reason. [In June, CANN published a blog](#) which highlights the functional problems related to state legislative behaviors that summarizes the issue. It is also worth noting that the ACCESS act will specifically prohibit the types of state-based legislation being discussed today.

Overall, the agreements between the contract pharmacies, TPAs, and covered entities reflect a proliferation of fees across various services and settings. In CVS's response to Senator Cassidy they raked in more than 350 million in TPA fees, highlighting the need for accountability and transparency. With multiple for-profit entities receiving substantial financial benefits, the incentives are aligned to exert more payment pressure on covered entities, thereby diverting resources from the 340B Program's intended purpose of allowing covered entities to stretch scarce federal resources as far as possible.

[A study found that entities eligible for the 340B Drug Pricing Program](#), intended to support low-income populations, significantly marked up outpatient infusion drug costs for privately insured patients. These entities retained a substantial portion of insurer drug expenditures, undermining the program's intended purpose and potentially impacting patient access and pharmaceutical innovation. The findings highlight the need for program reform to ensure its intended benefits reach the intended population.

Many entities eligible for the 340B Drug Pricing Program, intended to help underserved patients, are significantly marking up prices for physician-administered drugs. This practice, which keeps a large portion of insurer spending, is seen as misuse of the program and contributes to higher insurance premiums.

Issues arise from the expansion of Medicaid managed care and contract pharmacies, making it difficult for states to determine if a 340B drug was dispensed to a Medicaid beneficiary. While the Medicaid exclusion file helps prevent duplicate discounts in fee-for-service, it does not apply to contract pharmacies or managed care.

States use various methods to identify and exclude 340B drugs from Medicaid rebate invoices, including provider exclusion lists and claim-level identifiers. However, claim-level identifiers can be challenging leading to inconsistencies and potential diversion of 340B drugs.

Adding to the complexity of this issue are Pharmacy Benefit Managers (PBMs) and their practice of "spread pricing" which refers to the difference between the discounted price a 340B-covered entity pays for a drug and the higher reimbursement rate they receive from payers (like commercial insurance) and has caught the attention of the [Federal Government, during the 118th Congress](#) called for an end to this practice.

Pharmacy Benefit Managers (PBMs) who profit off the spread PBMs act as middlemen between 340B-covered entities, drug manufacturers, and Medicaid programs. They reimburse pharmacies at a low rate but charge Medicaid managed care plans a much higher rate, keeping the "spread" as profit. This drives up overall drug costs for Medicaid, leading to higher state spending.

340B expansion is certainly becoming attractive to the ever growing private equity control of large health systems, [highlighting the growing corporate exploitation of the U.S. healthcare system](#). Private equity firms, driven by profit motives, often cut staffing and increase charges, prioritizing quick profits, often neglect patient care and safety. This raises concerns about the impact of profit-driven healthcare on patient well-being and the need for a reevaluation of healthcare priorities.

There is ever growing evidence that drug manufacturer mandates add unnecessary burden to already strained state budgets. For example, \$7,452,700 is added to state expenditures as outlined by Tennessee's fiscal note on that state's drug manufacturer mandate bills [HB 1242 & SB 1414](#).

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Chairman Cassidy's investigation underscores that there are transparency and oversight concerns that prevent 340B discounts from translating to better access or lower costs for patients. Congress needs to act to bring much-needed reform to the 340B Program, **HB 276** as written, stands in opposition to ensuring patients benefit from this federal program that intended to "...reach more eligible patients, and provide more comprehensive services."

While CANN understands that **HB 276** was well intentioned, enacting state-level legislation on a federal program only benefits those who are motivated by their margins, Pharmacy Benefit Managers, and the for-profit companies they contract with. Ultimately diverting the benefit of this program from the intended vulnerable patients and into the pockets of those who aim to turn 340B into a revenue stream.

To be clear, CANN supports a strong 340B program. When 340B operates the way it is intended, safety-net providers thrive and vulnerable communities, families, and individuals gain access to healthcare they might otherwise not have. CANN welcomes discussion on instituting appropriate guardrails into legislation that would serve to strengthen the program, shield good stewards, and hold accountable bad actors within the appropriate limitations of state powers associated with this federal program.

We would be happy to discuss this legislation or any other matters of public health, please feel free to reach out by email or phone at kalvin@tiican.org , 913-954-8816, or jen@tiicann.org, 313-333-8534.

Warmly in service,



Kalvin Pugh
Director of State Policy, 340B
Community Access National Network (CANN)

On behalf of
Jen Laws
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