



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
HUMAN SERVICES COMMITTEE
Tuesday, March 12, 2024**

SB 8, An Act Concerning Drug Affordability

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 8, An Act Concerning Drug Affordability**.

Connecticut hospitals are critical to their communities. They are confronting the challenges posed by a post-pandemic healthcare system with an exemplary healthcare workforce that continues to provide outstanding care. But challenges remain. Hospitals are treating sicker patients, it continues to be challenging to hire and retain staff, and the financial headwinds are grave. Through it all, hospitals are steadfast, providing high-quality 24-hour care for everyone who walks through their doors, focusing on making Connecticut's healthcare system more equitable, and driving world-class innovation right here in Connecticut.

The stated goal of SB 8 is to make prescription drugs more affordable and available to residents of Connecticut. CHA applauds the goal of SB 8. Hospitals know all too well the impact of the steady and unsustainable cost increases that they face in obtaining and supplying prescription drugs. In its 2023 Annual Report on the Financial Status of Connecticut's Short-Term Acute Care Hospitals, the Office of Health Strategy (OHS) reported that hospitals faced a 17% increase in the cost of drugs, which OHS described as one of the reasons that the "growth in operating expenses far exceeded the growth in operating revenue" for hospitals.

With respect to several provisions of SB 8, CHA offers the following comments:

- Section 11 creates a Prescription Drug Affordability Stakeholder Council. CHA supports the creation of the Council but urges the Committee to amend the membership to include a representative of hospitals. The membership already includes, among others, representatives of labor unions, doctors, insurers, and nurses. Hospitals who prescribe significant amounts of prescription drugs should be represented
- Section 18 addresses the issues of drug shortages, but, as currently drafted, the requirements may be unachievable and would likely add cost, not reduce it. Specifically, problematic portions of Section 18:

- Require hospitals to stockpile a physical reserve of six months of certain prescription drugs. This is counterproductive because:
 - Suppliers are unlikely to provide such a supply to Connecticut hospitals, limiting hospitals' options, not expanding them; or suppliers might provide products at an extreme cost because stockpiling is outside of industry standard and perpetuates and worsens drug shortages in other locations throughout the country
 - There would be increased costs to hospitals for the supply itself and supply management, creating a negative financial impact on already struggling hospitals
 - There would be significant challenges for increased storage requirements along with wasted drug product because of waste and expiration constraints on a wrong-sized, stockpiled supply

- Require participation in the federal 340B Drug Pricing Program. The 340B Program is a voluntary program, as specifically detailed in the federal Public Health Service Act. The Health Resources and Services Administration is the sole federal authority that determines whether a hospital or other entity meets the detailed and specific criteria to participate in the program. (For example, group purchasing organizations are prohibited from participation.) Federal law is the only permitted source of oversight for 340B participation. State law cannot force participation and cannot determine eligibility criteria for 340B. Further, there are operational costs related to a hospital's participation, which in some cases negate any perceived "savings," making participation unworkable for some facilities

CHA recognizes the crisis in the drug supply chain that impacts patients, but as a national problem it must be solved on a national level. CHA has been working with our congressional delegation continuously for years on these issues. These issues are persistent and arise from federal oversight of the interstate supply chain. While every effort should be considered to address this issue, actions that will have unintended consequences and risk exacerbating shortages should not be implemented.

CHA recommends that the Committee delete Section 18. Additionally, subsection (b) of Section 10 should be amended to add a new purpose to the Prescription Drug Affordability Board as follows:

“(7) Explore strategies to address the drug shortages and ways in which the state ensures the consistent availability of drugs on the drug shortage list”

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.