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**BOARD OF SUPERVISORS**

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COUNTY OF SANTA BARBARA

March 19, 2018

Senator Richard Pan

Chair, Senate Budget Subcommittee #3 on Health and Human Services

State Capitol, Room 5114

Sacramento, CA 95814

RE: Governor's State Budget – Eliminating 340B Program Savings Share - OPPOSE

Dear Senator Pan:

I am writing on behalf of the Santa Barbara County Board of Supervisors to state our opposition to an important part of the Governor's Budget that proposes to eliminate the ability of the County's Public Health Department (and other Federally Qualified Health Centers, Children's Hospitals, and certain other covered entities) to keep the "savings share" on their Public Health Service Section 340B (or 340B) pharmaceuticals. This could effectively reduce revenues in the PHD by \$5M to \$6M, effective July 1, 2019. The Board of Supervisor's adopted a 2018 Legislative Platform that specifically opposes the loss or redirection of revenues. In this case, this would also negatively impact the County's health care safety net. The Board has also stated its opposition to legislative or administrative changes that put the safety net at risk.

The 340B Program provides significant benefits to the Santa Barbara County Public Health Department (SBCPHD) and the patients served. As a qualified health center participating in the 340B Program, SBCPHD healthcare providers gain access to materially reduced pricing on select outpatient drugs, allowing us to stretch limited resources and provide more comprehensive services to our most vulnerable patients.

If the Santa Barbara County 340B Program was eliminated as a result of the Governor's proposal, the County's loss would be nearly \$5.5 million.

With this loss:

- Uninsured patients would not have access to 340B-priced pharmaceuticals which are offered at a significantly reduced price as compared to retail. While some patients would be eligible for Pharmaceutical manufacturer charity care programs,

many uninsured patients are not and this would significantly impact treatment and prevention of further spread of new and emerging communicable diseases.

- Specialty medications would be out of reach for many who now rely on them for life-saving treatment.
- Health Center services would be reduced significantly – fewer staff, reduced access to care, less likely to afford equipment upgrades when older equipment needs to be replaced.
- This would eliminate Contract Pharmacies thereby reducing our ability to pass on 340B pricing to local, private pharmacies who fill prescriptions for our patients.
- County Public Health is on the front lines of disaster response and recovery. 340B Pharmacy is a key resource during times of disaster. Elimination of 340B would greatly diminish this resource.
- Most importantly, this \$5.5 million reduction would result in the loss of 13 key pharmacy positions and the closure of our pharmacies. These pharmacy personnel provide essential education and consultation to physicians and patients regarding medication efficacy and application. Pharmacy personnel discuss medications and are vital in directing patients to more affordable options through generics or through charity programs. Without this in-house offering, patients would be at the mercy of the current “pharmaceutical free market” environment and would face significant cost barriers in accessing necessary and lifesaving medications.

If you have questions about the Board’s position, please contact the County’s Legislative Coordinator, Dennis Bozanich at 805-568-3403 or dbozanich@countyofsb.org.

Sincerely,



Cliff Berg
Governmental Advocates

cc: Members, Senate Budget Subcommittee #3 on Health and Human Services
Scott Ogus, Consultant, Senate Budget Subcommittee #3 on Health and Human Services