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On Behalf Of: Conquest Advisors and Pioneer Institute
Committee: House Committee On Rules
Measure: HB4028

Dear Committee Chair and Members:

Thank you for allowing me to provide you with the following written testimony concerning HB 4028. I am providing this testimony as a neutral observer. All of the data provided in this testimony is available online through a tool developed by the Pioneer Institute utilizing data from the Health Resources and Services Administration (HRSA) and Rand Corporation. The website for the tool is <https://pioneerinstitute.org/340babuse/>. The information I am providing summarizes the findings regarding the 340B program in Oregon.

Key Points

- Oregon's low-income taxpayers are required to utilize for-profit 340B contract pharmacies in Florida amongst many other states.
- For-profit chain drug store has the most contracts benefiting from federal program intended to support needy Oregon taxpayers.
- Almost half of the contract pharmacies intended to serve poor patients in Oregon are located in affluent neighborhoods.
- Oregon 340B hospitals (1.78%) provide less charity care than the national average (2.28%).

Total number of contract pharmacies intended to serve needy patients in Oregon – 431

Number of contract pharmacies intended to serve Oregon's needy patients that are located outside of Oregon – 112

Summary: 26% of 340B pharmacies serving poor patients in Oregon are located outside the state.

Top 5 340B Hospitals in Oregon	# of 340B Contract Pharmacies	# of
340B Contract Pharmacies outside the State Lines		
Oregon Health Sciences Center	176	77 (44%)
Providence St. Vicent Med Center	146	52
(36%)		
Providence Portland Med Center	115	51 (44%)
Legacy Emanuel Hosp/Health Center	94	43 (46%)
Legacy Good Samaritan Hospital	85	42 (49%)

Summary: 43% of 340B contract pharmacies for Oregon hospitals, with the most

contract pharmacies based outside the state.

The contract pharmacy with the most number of contracts in the State of Oregon is Walgreens Specialty Pharmacy, LLC.

Distribution of contract pharmacies in the State of Oregon, the calculation was done utilizing U.S. Census Data geo-mapped based on State House Legislative Districts.

% of Contract Pharmacies in High-Income Districts = 48%

% of Contract Pharmacies in Low-Income Districts = 52%

Summary: Almost half of the 340B pharmacies supposedly serving the poor are in affluent neighborhoods in Oregon.

Provision of charity care: Top Oregon hospital with the highest operating expenses eligible for 340B discounts provides less charity care (1.4%) than the state (1.78%) & national averages (2.28%). The latest data is from 2022.

The questions the committee should consider are:

1. Why so many contract pharmacies?
2. Why are there so many contract pharmacies outside Oregon, as far as Florida?
3. Why are so many of the contract pharmacies in affluent neighborhoods?
4. Why is the number one contract pharmacy in the state a for-profit chain drug store and not a community pharmacy?
5. Why does the institution with the highest operating expenses provide less than the average charity care?

340B is a great program that ought to be preserved. Unfortunately, for-profit contract pharmacies have taken hold of this worthwhile federal program for the sole intent of profiteering. In addition, the largest institution in the state is not providing on-par charity care compared to the state average of peer institutions. The 340B program requires more transparency, not less. In fact, through transparency, pharmacies and institutions that do right by patients will be rewarded.

The passage of legislation denying the need for transparency and provision of data by contract pharmacies to ensure that the right patients benefit from this program is a step in the wrong direction.