Genentech
A Member of the Roche Group

From the Desk
of
Rep. Evans

March 10, 2025
Oregon House Committee on Behavioral Health and Health Care
Re: Genentech Opposition - HB 2385 Relating to Restrictions on 340B Covered Entities

Dear Chair Nosse, Vice-Chair Javadi, and Honorable Members of the Committee:

Respectfully, Genentech **opposes** the passage of HB 2385.

The 340B program, a federal program created in 1992 to assist certain health care organizations that provide care for the uninsured and underinsured through discounted drugs, requires federal reform. HB 2385, and other similar state laws, merely mask the underlying systemic issues facing the program, thereby jeopardizing ongoing bipartisan reform efforts at the federal level and the sustainability of the program.

To understand the urgent need for a federal fix, please consider the following data from Adam Fein, Ph.D. President, Drug Channels Institute:

- The value to 340B Covered Entities through discounted drug purchases has **grown from $15 billion in 2010 to $66 billion in 2023** and is now considered the second largest prescription drug program behind only Medicare Part D;
- **Roughly 78% of program dollars go to Disproportionate Share Hospitals (DSH)**, not Federal Grantees (health centers; Ryan White clinics; etc.) or our most economically vulnerable hospitals (critical access/sole community hospitals); and
- More than 33,000 pharmacy locations, **more than half of the entire U.S. pharmacy industry**, act as contract pharmacies. CVS Health, Walgreens, Cigna (via Express Scripts), UnitedHealth Group (via OptumRx), and Walmart account for 75% of the contract pharmacy relationships with covered entities.

Let us be clear: we support the 340B program's underlying motivation —supporting the most vulnerable in our communities. Unfortunately, HB 2385 does nothing to address the program's underlying problems. Instead, **HB 2385 expands the program indiscriminately**, providing unlimited contract pharmacy access regardless of Covered Entity need or evidence that such discounts will go to vulnerable patients.

With or without HB 2385, patients will continue to access their prescribed drugs. The only question HB 2385 addresses is whether the Covered Entity can benefit financially from the program when the prescribed drug is dispensed at a contract pharmacy.

HB 2385 distracts from achieving meaningful federal reform, especially when there are real and viable proposals to advance. One such effort was started in the last Congress by a bipartisan group of Senators, and there are ongoing conversations among these and other members to find a path toward durable reforms supported by all stakeholders, including hospital systems, federally qualified health centers, patient groups, and drug manufacturers, among others.

Additionally, we are concerned that HB 2385 will add to the patchwork of state 340B activity, creating an unmanageable framework that is at odds with federal law.

Our Ask: Instead of passing HB 2385, we urge members to call on their Federal delegation to advocate for 340B reforms at the federal level. Encourage your constituents that rely on this program, along with the stakeholders debating HB 2385, to do the same.

I would be happy to meet with you one-on-one to discuss Genentech's experience with the program, including specifics to Oregon, along with any questions you may have about the reform proposals we are supporting.

Thank you for your consideration, and please **oppose** HB 2385.

Sincerely,

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