



March 6, 2025

Oregon Senate Health Care Committee

Re: Genentech Opposition - SB 533 Relating to Restrictions on 340B Covered Entities

Dear Chair Patterson and Honorable Members of the Senate Health Care Committee:

Respectfully, Genentech **opposes** the passage of SB 533.

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. SB 533, 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, SB 533 does nothing to address the program's underlying problems. Instead, **SB 533 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 SB 533, patients will continue to access their prescribed drugs. The only question SB 533 addresses is whether the Covered Entity can benefit financially from the program when the prescribed drug is dispensed at a contract pharmacy.

SB 533 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.

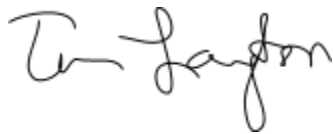
Additionally, we are concerned that SB 533 will add to the patchwork of state 340B activity, creating an unmanageable framework that is at odds with federal law.

Our Ask: Instead of passing SB 533, 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 SB 533, 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** SB 533.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Layton". The signature is fluid and cursive, with the first name "Tim" and last name "Layton" clearly distinguishable.

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