Dear Oregon Legislator:

On behalf of 10+ patient and provider advocacy organizations, we write to express our concerns regarding the proposed expansion of the 340B Drug Pricing Program in Oregon within Senate Bill 533 and House Bill 2385. While expanding healthcare access is an important goal, doing so without first addressing existing flaws in 340B risks increasing costs, reducing transparency, and failing to deliver real benefits to the communities that need it most.

The 340B program was originally created in 1992 to help safety-net providers obtain discounted medications to serve low-income and uninsured patients. However, over time, it has evolved into what can best be described as a hospital markup program where hospitals and large healthcare entities exploit discounts to generate massive profits, often at the expense of patients, taxpayers, and employers.

In Oregon, there are clear signs that 340B is not functioning as intended:

- **340B Falls Short in Underserved Areas:** Only 26% of 340B contract pharmacies are in medically underserved areas, meaning most program savings flow to wealthier communities.
- **Oregon's 340B Hospitals Lag in Charity Care:** 68% of Oregon's 340B hospitals provide charity care below the national average, despite benefiting from steep drug discounts and tax breaks.
- **Persistent Debt Collection Issues Despite Legislative Efforts:** Some nonprofit hospitals benefiting from 340B engage in aggressive debt collection practices, disproportionately impacting low-income patients while failing to reinvest in patient care. A 2023 report reveals that 42 of 60 Oregon hospitals provided less charity care following the passage of House Bill 3076. Furthermore, 4 of 9 patients in medical debt collection likely qualify for a 100% discount on out-of-pocket costs, yet hospitals continue to pursue these debts. Only a fraction of 1% of patients sued for medical debt have attorneys.

At the same time, unchecked 340B growth has driven up healthcare costs. Between 2014 and 2021, 340B expansion added over $32 billion annually to Medicaid spending, yet disparities in care persist. Hospitals can charge needy patients full price for medicines they acquire at steep discounts, and if patients cannot afford the cost, hospitals can drown them in medical debt. Meanwhile, large hospital systems, pharmacy benefit managers (PBMs), private equity firms, and chain pharmacies continue to exploit program loopholes for massive financial gain.

Profits from 340B markups now account for 10% of what is spent on brand medicines, totaling nearly $65 billion, which pads the profits of large hospitals, PBMs, and for-profit corporations. Without proper oversight, the program continues to grow unchecked, extracting more money from patients, taxpayers, and employers every year.

Rather than expanding a program with known inefficiencies and accountability concerns, Oregon lawmakers should focus on ensuring 340B savings directly benefit patients, increasing program transparency, and preventing abuses that drive up costs. Expansion without reform will only widen disparities, strain the state's healthcare system, and increase costs for Oregon families.

We urge you to prioritize reforms that ensure 340B serves truly underserved communities before considering expansion. Doing so will protect patients, strengthen accountability, and ensure the program works as originally intended.

Sincerely,

Biomarker Collaborative
Bridge Pamoja
Community Access National Network
Exon20 Group
H.E.A.L.S. of the South
Hispanic Business Alliance
Infusion Access Foundation
International Cancer Advocacy Network (ICAN)
Kaleidoscope Fighting Lupus
Lupus and Allied Diseases Association, Inc.
MET Crusaders
National Infusion Center Association (NICA)
Neuropathy Action Foundation
PDL1 Amplifieds