



March 7, 2025

Senate Committee on Health Care
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

DELIVERED VIA EMAIL

Re: Opposition to Oregon Senate Bill 533

Dear Chair Patterson and Vice Chair Hayden:

AstraZeneca (“AstraZeneca” or “the Company”) is writing to express opposition to Oregon’s proposed bill (SB 533) which seeks to impose restrictions on the Company’s policy concerning the use of contract pharmacies under the federal 340B program. Respectfully, the 340B program needs transparency and reforms that better protect patient interests rather than restrictions on pharmaceutical companies’ ability to restrain runaway program growth.

AstraZeneca is a global, science-led biopharmaceutical company dedicated to the discovery, development, and commercialization of prescription medicines, primarily for the treatment of diseases in many therapeutic areas: Oncology, Cardiovascular, Renal and Metabolism, Respiratory, and Rare Disease. AstraZeneca remains committed to developing innovative, lifesaving medicines and ensuring their accessibility to patients. AstraZeneca is dedicated to making its medications affordable for patients and voluntarily participates in programs that offset drug costs for commercial and government patients.

AstraZeneca has and will continue to support the 340B program and its intent to offer financial relief to low-income and underserved patients. Since October 2020, AstraZeneca has made its 340B prices available to covered entities in Oregon at either their in-house pharmacy or at a contract pharmacy of their choosing if they do not have an in-house pharmacy. This policy is consistent with the federal 340B program and ensures that the 340B price remains available to covered entities while reducing the risk of duplicate discounts and diversion. Our approach remains considerate and measured to ensure these discounts remain available to these entities while upholding the program’s integrity.

The 340B program is not working for patients. Congress intended for the program to benefit the underserved communities by allowing covered entities to pass on the below-market prices required by Section 340B, called “340B prices,” to the low-income and rural persons for whom they often care. Unfortunately, the 340B program is broken and does not decrease the cost of a prescription for an Oregon patient at the pharmacy. Rather, billions of dollars are being funneled to for-profit pharmacies and Pharmacy Benefit Managers, (PBMs), including a large number of contract pharmacies outside of Oregon who use the money as revenue instead of passing those dollars on to those the program was designed to



serve. The vast majority of covered entities, for-profit pharmacies, and PBMs are not passing these billions of dollars of savings onto patients that need them.

The 340B program is simply exploding at a rapid and uncontrolled rate. According to a study by Berkeley Research Group (BRG), the number of contract pharmacies in the program nationally grow from 2,321 in 2010 to 100,451 in 2020 and this number continues to grow. This rapid growth is not resulting in increased care or reduced prices for Oregon patients. According to the Pioneer Institute, in Oregon, the largest 340B hospitals have more than 43 percent of their contract pharmacies located outside of Oregon--including in states as far away as Florida--with no direct benefit to Oregonians. Further the Pioneer Institute notes that within Oregon, more than half of 340B contract pharmacies are located in affluent neighborhoods. Specifically, only 19% of in-state contract pharmacies are in areas below the median state income, and merely 27% are within rural zip codes, in contrast to Oregon's 51% rural area composition.

On top of this rapid growth in areas that do not benefit Oregon patients, there is a concerning lack of transparency in how these billions of dollars are being used by covered entities, for-profit pharmacies, and PBMs. Healthcare providers eligible under the 340B program continue to allocate funds towards non-charitable expenses with insufficient transparency. For example, since 2015, audits of 37 Oregon-covered entities revealed adverse findings in 22 cases, including mismanagement of 340B-purchased drugs. In another example, from 2014 to 2022, uncompensated care has diminished by 27%, while 340B program participation surged by 20% annually.

AstraZeneca acknowledges and deeply values the necessity of reducing the cost of prescription medications for truly vulnerable patients. We applaud your involvement and engagement on that issue. We would appreciate the opportunity to work with you to find a solution that accomplishes those goals in this and future legislative sessions. Importantly, we assert that this bill undermines our aligned intention to lower the cost of prescription medications for Oregonians. Therefore, we oppose any bill that reduces transparency and limits our ability to maintain the integrity of the 340B program. We urge you to, instead, support and sponsor healthcare reforms that directly lower the out-of-pocket costs for patients including any legislation that prevents PBMs and healthcare plans from exploiting benefit design to inflate prescription drug costs.

Sincerely,

A handwritten signature in dark ink that reads "Trish McDaid O'Neill".

Trish McDaid O'Neill
Director, Corporate & State Government Affairs