

May 2, 2025

The Honorable Deb Patterson, Chair  
Senate Committee on Health Care

Chair Patterson, Members of the Committee:

Thank you for hearing HB 2385. As a clinical pharmacist and Director of Ambulatory Care Pharmacy for Salem Health Hospitals and Clinics, I personally see patients who benefit directly from the 340B drug purchasing program.

Covered entities such as Salem Health use the savings generated by 340B in a variety of ways. At Salem Health, our two medication management clinics see patients struggling with diabetes and related co-morbidities. We pair them with clinical pharmacists working under a practice agreement with the patient's provider. Our work in these clinics helps patients learn to manage their disease and take back control of their health. We've seen 1500 patients gain over 12,000 life years back through this process, which is funded with 340B savings (because clinical pharmacists cannot bill for their cognitive services). Almost 77 percent of our patient population in these clinics depend on Medicaid or Medicare.

As legislators have sought to understand the 340B program and how HB 2385 would help support patient care for Oregonians, some confusing narratives have been offered. For example, vague allegations of abuse of the program persist, but fail to provide any evidence or data that supports the notion of abuse in Oregon.

Similarly, some have called for all covered entities to pass 340B savings through to patients. However, this defeats the purpose of 340B – to stretch scarce federal resources further, see more patients, and provide more comprehensive services. Many of the patients who would benefit from point-of-sale discounts are already receiving subsidized or free care (sometimes funded with 340B savings). Medicaid patients typically have no cost sharing on medications.<sup>1</sup> This is particularly true at Disproportionate Share Hospitals (DSH), which provide over 77 percent of care to Medicaid and low-income patients nationally, with a particular focus on those with complex health needs.<sup>2</sup> There is no clear safe harbor for DSH hospitals to provide

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<sup>1</sup> Oregon Health Authority Medical Assistance. (2019, August 2). *Remove Copayment Rule that Terminated Copayment in 2017*. <https://www.oregon.gov/oha/HSD/OHP/Policies/120-1230-080219.pdf>. This filing clarifies that neither providers or CCOs are required to bill for a co-payment.

<sup>2</sup> Dobson, A., Heath, S., Cheng, E., & DaVanzo, J. (2022). 340B DSH Hospitals Service Higher Share of Patients with Low Incomes. In *340BHealth.org* (pp. 12–13). Dobson DaVanzo & Associates, LLC. [https://www.340bhealth.org/files/340B\\_and\\_Low\\_Income\\_Populations\\_Report\\_2022\\_FINAL.pdf](https://www.340bhealth.org/files/340B_and_Low_Income_Populations_Report_2022_FINAL.pdf)

point of sale discounts without violating federal antikickback statutes (note that federally qualified health centers do have such a safe harbor).<sup>3</sup>

The generosity of Oregon nonprofit hospitals' community benefit spending has been called into question. Unlike other states, Oregon has a robust statutory and regulatory framework for community benefit spending and financial assistance provided by hospitals to patients. Oregon hospitals spent \$2 billion in community benefit in 2023.<sup>4</sup> Salem Health alone spent over \$162 million in community benefits in 2024.<sup>5</sup>

Some point to growth in the national spend on 340B as evidence of abuse. But these arguments fail to address fundamental changes in prescription drug use in the United States. "Promotion of pharmaceutical drugs to consumers, called direct-to-consumer (DTC) advertising, has increased significantly since 1997, when the US Food and Drug Administration (FDA) reevaluated its regulations of pharmaceutical manufacturers."<sup>6</sup> The resulting data show that Americans spent \$40.3 billion on prescription drugs in 1990 and \$436.6 billion in 2024, an *increase of almost a thousand percent*.<sup>7</sup> However, cumulative inflation during the same period was 139.87 percent. Prescription drug utilization, new drugs, and price increases have also grown since deregulation of DTC advertising.<sup>8</sup> For instance, drug prices were five and a half times higher in 2024 than in 1985.<sup>9</sup>

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<sup>3</sup> Criminal Penalties for acts involving Federal health care programs, 42 U.S.C. § 1320a-7b, 42 CFR 1001.952

<sup>4</sup> Oregon Health Authority. (2016). *Oregon Health Authority: Oregon Hospital Community Benefit Dashboard : Office of Health Analytics : State of Oregon*. Oregon.gov; Oregon Hospital Community Benefit Dashboard : Oregon Health Authority. <https://www.oregon.gov/oha/HPA/ANALYTICS/Pages/Hospital-Community-Benefit-DB.aspx#Dashboard>

<sup>5</sup> Salem Health Hospitals & Clinics. (2024). *Community benefit reports | About us | Salem Health*. SalemHealth.org; Salem Health Hospitals & Clinics. <https://salemhealth.org/about/community/community-benefit-reports>

<sup>6</sup> Mogull, S. (2008). Chronology of Direct-to-Consumer Advertising Regulation in the United States. *AMWA Journal, Volume 23*(No. 3). cdn.ymaws.com. Chronology of Direct-to-Consumer Advertising Regulation in the United States

<sup>7</sup> Mikulic, M. (2019). *Prescription drug expenditure U.S. 1960-2019 | Statista*. Statista; Statista. <https://www.statista.com/statistics/184914/prescription-drug-expenditures-in-the-us-since-1960/>. This graph depicts prescription drug sales in billions of dollars.

<sup>8</sup> Tichy, E. M., Hoffman, J. M., Tadrous, M., Rim, M. H., Cuellar, S., Clark, J. S., Newell, M. K., & Schumock, G. T. (2024). National trends in prescription drug expenditures and projections for 2024. *American journal of health-system pharmacy : AJHP : official journal of the American Society of Health-System Pharmacists*, 81(14), 583–598. <https://doi.org/10.1093/ajhp/zxae105>

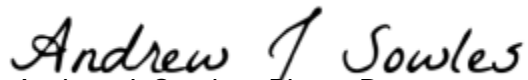
<sup>9</sup> USAFacts Team. (2022, September 29). *Drug Prices Outpaced Inflation since the 1990s*. USAFacts.org; USA Facts. <https://usafacts.org/articles/drug-prices-outpaced-inflation-since-the-1990s/>

Despite their concerns over 340B, pharmaceutical manufacturers continue to *choose* to participate in the program. As a result, they have realized billions of dollars in profit (see Appendix A) since the early years of the program through until today.

340B helps covered entities stretch federal and state dollars further, see more patients, and provide more comprehensive services in keeping with the legislative intent of the program. HB 2385 simply restores our ability to work with contract pharmacies so that we can continue the good work we're already doing.

I urge your yes vote on HB 2385 to support Oregonians who depend on care funded through 340B savings.

Sincerely,



Andrew J. Sowles, PharmD  
Director, Ambulatory Care Pharmacy

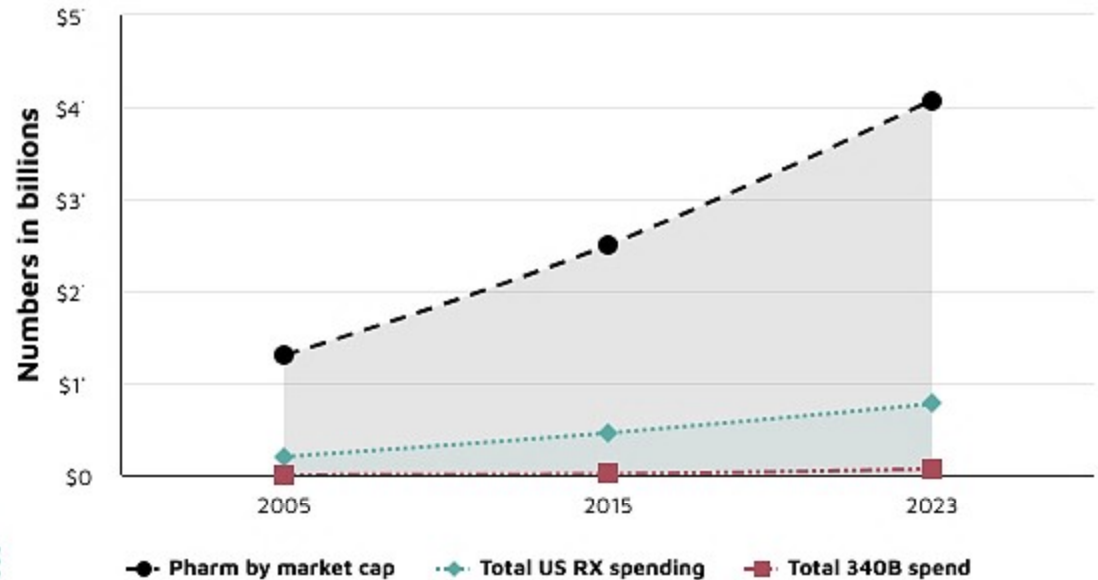
attachment: Appendix A

### Market Segments Comparison

This chart shows the evolution of top pharmaceutical companies valued by market cap as contrasted with total US spend on prescription drugs and 340B.

The market cap value of top pharmaceutical companies **increased by 213%** from 2005 to 2023. For context, the cumulative rate of inflation during the same period was 64.93%.

The rate of increase for total US prescription drug spending from 2005 through 2023 was 286.83%. Total 2023 340B spending was just 8.5% of the total US drug spend.



Inflation rose 64.93% between 2005 and 2023 and 21.3 percent between 2021 and 2024. In contrast, Salem Health's 340B savings increased by 3% during the same period. Salem's community benefit spending increased by over 55% between 2015 and 2024.

Average drug prices rose by 50% more than the rate of inflation from 2024 to 2025 alone.

Centers for Medicare and Medicaid Services. (2008, January 8). CMS REPORTS U.S. HEALTH CARE SPENDING GROWTH ACCELERATED ONLY SLIGHTLY IN 2006. | CMS. CMS.gov; Centers for Medicare and Medicaid Services. <https://www.cms.gov/newsroom/press-releases/cms-reports-us-health-care-spending-growth-accelerated-only-slightly-2006>  
 Office of the Assistant Secretary for Planning and Evaluation. (2016, March 7). Observations on Trends in Prescription Drug Spending. ASPE.HHS.gov; US Department of Health and Human Services. <https://aspe.hhs.gov/reports/observations-trends-prescription-drug-spending>  
 Optum for Business. (2025, April 4). Small price hikes make for big drug prices. Optum.com; Optum for Business. <https://business.optum.com/en/insights/small-price-hikes-make-big-drug-prices.html>  
 Tichy, E. M., Hoffman, J. M., Tadrous, M., Rim, M. H., Cuellar, S., Clark, J. S., Newell, M. K., & Schumock, G. T. (2024). National trends in prescription drug expenditures and projections for 2024. American journal of health-system pharmacy : AJHP : official journal of the American Society of Health-System Pharmacists, 81(14), 583-598. <https://doi.org/10.1093/ajhp/zxae105>  
 Zahiri, R. (2025, April 15). Evolution of Top Pharma Companies by Market Cap. Evolution of Top Pharma Companies. [https://www.linkedin.com/posts/rezazahiri\\_%F0%9D%90%84%F0%9D%90%AF%F0%9D%90%A8%F0%9D%90%A5%F0%9D%90%AE%F0%9D%90%AD%F0%9D%90%A2%F0%9D%90%A8%F0%9D%90%A7-%F0%9D%90%A8%F0%9D%90%9F-%F0%9D%90%93%F0%9D%90%A8%F0%9D%90%A9-%F0%9D%90%8F%F0%9D%90%A1%F0%9D%90%9A%F0%9D%90%A8%F0%9D%90%A6-activity-731759177798959106-htKs?utm\\_source=social\\_share\\_send&utm\\_medium=member\\_desktop\\_web&rcm=ACoAAAIBxEcBdyeN-ya2IXtsjP6iAVvzNrvhdkl](https://www.linkedin.com/posts/rezazahiri_%F0%9D%90%84%F0%9D%90%AF%F0%9D%90%A8%F0%9D%90%A5%F0%9D%90%AE%F0%9D%90%AD%F0%9D%90%A2%F0%9D%90%A8%F0%9D%90%A7-%F0%9D%90%A8%F0%9D%90%9F-%F0%9D%90%93%F0%9D%90%A8%F0%9D%90%A9-%F0%9D%90%8F%F0%9D%90%A1%F0%9D%90%9A%F0%9D%90%A8%F0%9D%90%A6-activity-731759177798959106-htKs?utm_source=social_share_send&utm_medium=member_desktop_web&rcm=ACoAAAIBxEcBdyeN-ya2IXtsjP6iAVvzNrvhdkl)

# Community Benefit Spending in Oregon

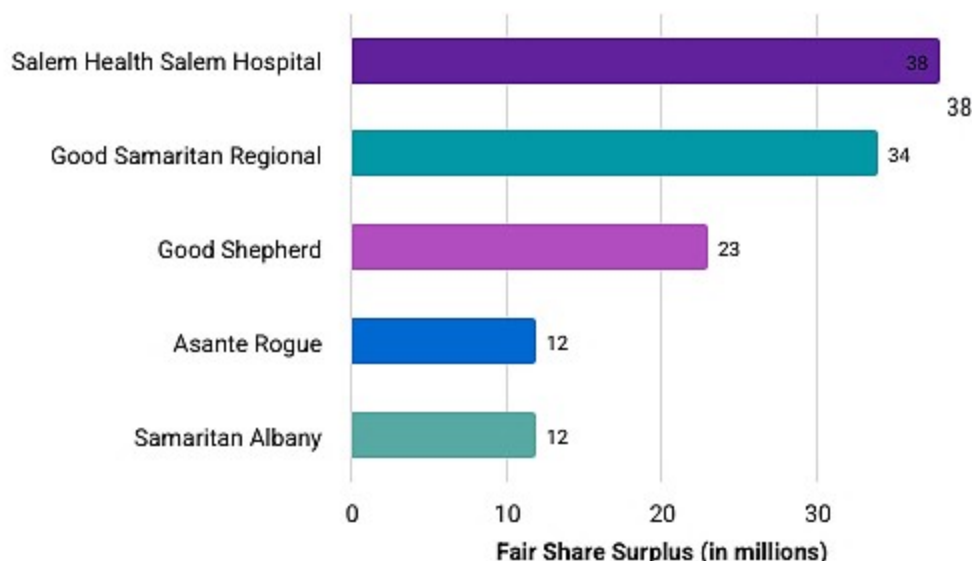
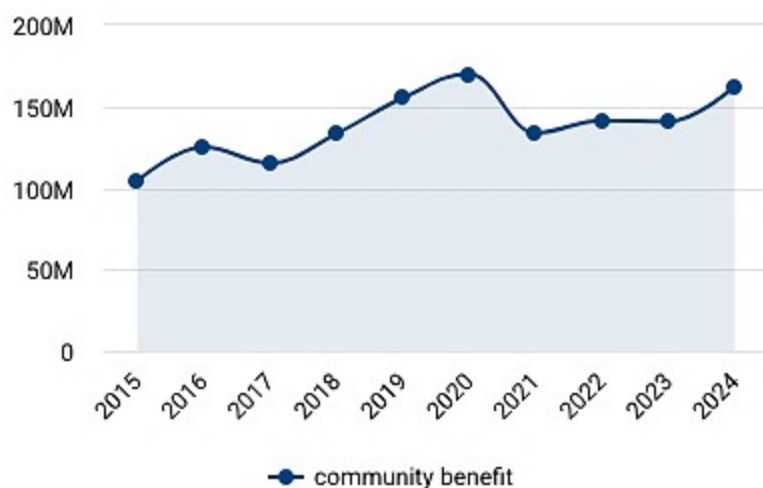
## Lown Institute Report

The Lown Institute calculated the estimated tax burden for Oregon's nonprofit hospitals and compared it to their community benefit spending.

They characterize "fair share spending" as the difference between hospitals' tax exemptions and community investment.

For 2020-2022, the years covered by the report, Salem Hospital made five times the average community investment in Oregon.

Lown Institute. (2025). Making the hospital tax exemption work for Oregon. In [Lownhospitalindex.org](https://lownhospitalindex.org/wp-content/uploads/2025/04/Oregon_state-report.pdf) (pp. 6-7). Lown Institute. [https://lownhospitalindex.org/wp-content/uploads/2025/04/Oregon\\_state-report.pdf](https://lownhospitalindex.org/wp-content/uploads/2025/04/Oregon_state-report.pdf)



## Salem Health community benefit spending

Salem Health's community benefit spending increased by over 55% from 2015 to 2024. In contrast, the cumulative rate of inflation during the same period was over 29%

Salem Health Hospitals & Clinics. (2024b). Community benefit reports | About us | Salem Health. SalemHealth.org; Salem Health Hospitals & Clinics. <https://www.salemhealth.org/about/community/community-benefit-reports>

US Inflation Calculator. (2025). Current US Inflation rates: 2000-2025. USInflationCalculator.com; US Inflation Calculator. <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>