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The Honorable Deb Patterson, Chair
Senate Committee on Health Care
State Capitol, 900 Court St NE
Salem, OR 97301

Testimony - OPPOSE: HB 2385

Good Afternoon Madam Chair and Members of the Committee:

BIO supports the federal 340B program. It's a good program. But even good programs can be abused.

The 340B program has experienced very steep growth in recent years (23% each year, compounded), yet this growth has been primarily in areas that deviate from the program's original intent.

Safety net clinics make up only a small minority of the 340B program—DSH hospitals alone account for about 80% of those sales.

Instead, hospitals and for-profit chain pharmacies have found out how to game the system by expanding into affluent neighborhoods.

Contract pharmacies have long been used when clinics do not have their own outpatient pharmacy. Since 2010, the number of contract pharmacy arrangements in 340B increased from 2,000 to 194,000.

This truly wild amount of contract pharmacies put into place wasn't done to increase patient access, it was done to profit and expand more. Patients can obtain their medicines at any pharmacy they want—whether it is a contract pharmacy or not, it doesn't matter to the patient—their medicines are covered by insurance and almost no patient ever sees any of the 340B discount.

“HRSA’s oversight of the 340B program is inadequate.” That is not my opinion or BIO’s position, that was the conclusion of the federal Government Accountability Office.

The Health Resources and Services Administration’s main compliance tool is the use of random audits, but only 200 entities per year are audited, which represents about 0.33 percent of covered entities. *HRSA has stated publicly that they do not have the authority to cite for noncompliance by contract pharmacies.*

Despite well-documented limitations with enforcement, 65 to 70 percent of audits find covered entities as noncompliant.

Proponents of this bill may say that “340B does not costs taxpayers money” but that’s not true. 340B revenues flow into hospitals, but they come from employers, state Medicaid budgets, and anyone paying for health insurance.

340B will not go away without this bill and despite the claims of exorbitant losses, the program has grown every single year—it has not been reduced.

There are many documented problems with oversight, accountability, and transparency in 340B, so we must oppose HB 2385. Efforts that attempt to eliminate or prevent the limited oversight and accountability that does exist.

Thank you.

Primo J. Castro

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