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June 17, 2025

Senator Caroline Menjivar
Chair, Senate Health Committee
1021 O St. Room 1200
Sacramento, CA 95814

Via California Legislature Position Letter Portal

RE: OPPOSE AB 1460 (Rogers)

Dear Honorable Chair Menjivar,

On behalf of The Community Access National Network (CANN), I'm writing to express our opposition to AB 1460 (Rogers), which would expand the federal 340B Drug Pricing Program in California without sufficient oversight to ensure the program appropriately serves patients, particularly those living with HIV and other chronic health conditions.

CANN is a 501(c)(3) national nonprofit organization focusing on public policy issues relating to HIV/AIDS and viral hepatitis. CANN's mission is to define, promote, and improve access to healthcare services and support for people living with HIV/AIDS and/or viral hepatitis through advocacy, education, and networking. While CANN is primarily focused on policy matters affecting access to care for people living with and affected by HIV, we stand in firm support of all people living with chronic and rare diseases and recognize the very reality of those living with multiple health conditions and the necessity of timely, personalized care for every one of those health conditions.

The 340B program is of profound importance to our community. When 340B operates the way it is intended, as in the example of Ryan White/HIV clinics and Federally Qualified Health Centers (FQHCs), safety-net providers thrive and vulnerable communities, families, and individuals gain access to healthcare they might otherwise not have. However, left unchecked, there continues to be 340B profiteering and abuse working against patient interests, rather than actual direct support of vulnerable patients.

For example, one common claim made to legislators is that providers, pharmacists, and/or payors are unaware of the value of a 340B discount, preventing them from applying these savings to patients' out-of-pocket costs. However, this claim is false.

Many 340B entities employ "third-party-administrators" (TPAs). These TPAs are often vertically integrated with pharmacy benefit managers (PBMs) and retail – or contract – pharmacies. TPAs provide electronic medical record systems integrations, allowing providers to know the approximate or exact value of 340B revenue a specific medication will generate while seeing a patient—before the patient even reaches a pharmacy counter. In fact, many TPAs advertise services to "maximize" 340B revenue capture and encourage patient steering in favor of the entity, regardless of the patient's ability to afford the medication.

By expanding 340B contract pharmacy arrangements without limitation – particularly, limitations necessary to ensure proper transparency and accountability – AB 1460 undermines the well-recognized need for reform to align 340B with its original intent.

The primary harm of contract pharmacies in the 340B program is that they can divert profits intended for low-income patients by allowing large, for-profit retail pharmacies to capitalize on discounted drug prices, potentially leading to less money being reinvested in patient care and a

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lack of transparency regarding how the savings are being used; this can be considered an abuse of a program designed to help vulnerable populations access affordable medications. Larger 340B hospitals often establish in-house specialty pharmacies or exclusive partnerships with contract pharmacies, further consolidating their control over drug distribution and patient care pathways.

Hospitals that qualify for 340B status can purchase outpatient drugs at significant discounts and then get reimbursed at standard rates, often leading to substantial profit margins. Without adequate transparency and accountability, this incentivizes hospitals to acquire physician practices, specialty clinics, and smaller hospitals and convert them into hospital outpatient departments (HOPDs) in order to extend 340B pricing to a broader range of outpatient services, thereby increasing their revenue while reducing competition from independent providers.

340B expansion would certainly be attractive to the ever-growing private equity control of large health systems, highlighting the growing corporatization of the U.S. healthcare system.¹ Private equity firms, prioritizing quick profits, often neglect patient care and safety. This raises concerns about the impact of profit-driven healthcare on patient well-being and the need for a reevaluation of healthcare priorities.

Right now, the 340B program is failing patients. Allowing the program to grow unchecked has encouraged consolidation and community pharmacy closures, impeded access to care for rural Californians, and – in an extraordinary example of abuse – was the driving force enabling AIDS Healthcare Foundation to mismanage housing programs that left vulnerable Californians dead.²

Ultimately, CANN supports a strong 340B program. But should California move forward with misguided legislation like AB 1460, the state will severely undermine federal reform efforts currently underway.

CANN welcomes discussion on implementing appropriate guardrails into AB 1460 in order to strengthen the program, shield good stewards, and hold bad actors accountable within the appropriate limitations of state powers associated with this federal program.

We would be happy to discuss this legislation or any other matters of public health. Please feel free to reach out by email or phone at kalvin@tiican.org, 913-954-8816, or jen@tiicann.org, 313-333-8534.

Sincerely,



Kalvin Pugh
Director of State Policy, 340B
Community Access National Network

On behalf of
Jen Laws
President & CEO
Community Access National Network

CC: Members, Senate Committee on Health
Consultants, Senate Committee on Health
Assemblymember Chris Rogers
SHEA.Committee@senate.ca.gov

¹ Harvard School of Public Health. [Private equity's appetite for hospitals may put patients at risk](#). December 16, 2024.

² Los Angeles Times. [Inside the world's largest AIDS charity's troubled move into homeless housing](#). November 16, 2023.