



September 23, 2025

Michigan State Legislature
House Health Policy Committee
124 North Capitol Avenue
Lansing, MI 48933

Mailing Address:

Attn: Jen Laws
PO Box 3009
Slidell, LA 70459

Chief Executive Officer:

Jen Laws
Phone: (313) 333-8534
Fax: (646) 786-3825
Email: jen@tiicann.org

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340B Action Center

PDAB Action Center

Transgender Leadership in HIV Advocacy

HIV/HCV Co-Infection Watch

National Groups:

Hepatitis Education, Advocacy & Leadership
(HEAL) Group

Industry Advisory Group (IAG)

Sent Via Electronic Mail

RE: HB 4878 - OPPOSE

Dear Honorable Chair VanderWall, Majority Vice Chair Thompson, Minority Vice Chair Whitsett, and Members of the Michigan House Health Policy Committee,

Community Access National Network respectfully writes in **OPPOSITION** to HB 4878, which as written, aims to place state-level requirements to the federal 340B drug pricing program.

ABOUT CANN: The Community Access National Network (CANN) is a 501(c)(3) national nonprofit organization (formerly incorporated under the "Ryan White CARE Act Title II Community AIDS National Network") 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 supports for people living with HIV/AIDS and/or viral hepatitis through advocacy, education, and networking. CANN's coalition-based work is done on behalf of the patient advocacy groups, pharmaceutical partners, and government agencies.

Numerous Reports Highlight 340B's Problems

The flaws in the current state of the 340B program are well documented. In the recent [Congressional Budget Office \(CBO\) report](#), the agency identified how the program incentivized behavior such as hospital and clinic consolidation that has led to the rapid growth of the program, and its impact on federal (and state) budgets.

These incentivized behaviors have caught the attention of the federal government, [Senator Bill Cassidy, Chair of the Senate Health, Education, Labor and Pensions \(HELP\) Committee recently released a report](#) which highlights the proliferation of fees across the health ecosystem diverting the intended purpose of 340B "to reach more eligible patients, and provide more comprehensive services." to benefit large health systems, large for-profit chain pharmacies, Pharmacy Benefit Managers, Third Party Administrators (TPAs), and calls for reform at the federal level.

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340B Threatens Medicaid Sustainability

In April 2025, researchers [published an issue brief](#) on the potential impact to state Medicaid programs from state contract pharmacy mandates in the 340B Drug Pricing Program such mandates would cost Medicaid \$1.2 billion more annually, of which \$437 million would impact state budgets directly and the 340B program's broader current fiscal impact related to Medicaid.

Importantly, a July 2025 [analysis](#) assessed how much each state loses in Medicaid Rebates due to providers opting to bill claims under the 340B program rather than Medicaid. For Michigan, that realized loss is about \$87,910,000. The specific impact here means that Michigan actively lost almost \$88 million in re-investable Medicaid rebates which would otherwise have contributed to the state's mandated "share" of Medicaid payments. With anticipated reductions in federal matching dollars (FMAP) due to this year's federal Reconciliation bill, the state simply cannot afford to surrender these dollars which would otherwise be used to sustain the state's Medicaid program.

Taken as a whole, directly, 340B without guardrails, which is what is being suggested in **HB 4878**, drives up costs to patients and states and reduces available reinvestments for state Medicaid programs, which might otherwise be used to offset the program's budgetary impact.

Recent State-level Legislation Conflicts with Federal Actions

These reports are not the only federal movement to reform the 340B program, the Health and Human Services Administration (HHS) recently released a proposed rebate model pilot, the Centers for Medicare and Medicaid Services (CMS) [draft guidance on the interactions of Inflation Reduction Act's drug price negotiations with the 340B drug pricing program](#), the introduction of the [340B Affording Care for Communities and Ensuring a Strong Safety-Net Act \(340B ACCESS Act\)](#), and federal rule-making occurring at present.

Specifically, the draft guidance related to the IRA's interaction with 340B allows pharmaceutical manufacturers to delay payment for a medication for up to 14 days when a claims modifier is not present. Many state proposals seek to explicitly prohibit the use of claims modifiers, a gold standard in claims validation, for a yet inexplicable reason. In June, CANN published a [blog](#) which highlights the functional problems related to state legislative behaviors that summarizes the issue. It is also worth noting that the ACCESS act will specifically prohibit the types of state-based legislation being discussed today.

Reporting Requirements Need Equitable Consideration

While CANN generally supports reporting requirements, **HB 4878** as written, does not apply equitable exceptions across all actors, laying naked the bias in which it was written, and both undermines patient benefit as the program's statutory language intends and unnecessarily invites direct conflict with ongoing federal-rulemaking.

Michigan legislators do not have to betray their commitment to patients, undermine state contributions to Medicaid thus threatening program sustainability, or invite future litigation. State-level action of this federal program is misguided, and ill-timed with current and anticipated federal action. Michigan legislators are not required to pass or approve of **HB 4878** as it is written today, doing so would be a choice. We are urging you to choose your constituents and the state's Medicaid program instead.

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To be clear, CANN supports a strong 340B program. When the program operates as it was intended, the delicate healthcare safety-net thrives, and families, individuals, and communities have access to the care and services they otherwise may not have.

Should any member of the committee have further questions regarding this legislation, or any other matter of public health, I can be reached by phone at 913.954.8816, or email kalvin@tiicann.org.

Warmly in service,

A handwritten signature in black ink that reads "Calvin Pugh". The signature is written in a cursive, flowing style.

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

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