



June 5, 2025

Governor Tina Kotek
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(HEAL) Group
Industry Advisory Group (IAG)
National ADAP Working Group (NAWG)

Via Electronic Mail

RE: HB 2385 - VETO REQUEST

Dear Honorable Governor Kotek,

Today, we respectfully write requesting a **VETO** to **HB 2385**, which as written seeks to expand 340B contract pharmacy arrangements in Oregon without adequate oversight and accountability to ensure the program appropriately serves patients, particularly those living with HIV and other chronic health conditions.

The Community Access National Network (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.

CANN respectfully urges a **VETO** of **HB 2385**

HB 2385 prohibits the collection of claims data that could enhance the transparency of the 340B program. It mandates that pharmaceutical manufacturers provide 340B prices at specific pharmacies, thereby ensuring broader access to medications for vulnerable patients. Furthermore, we advocate for increased access to claims data to improve transparency and oversight, thereby preventing unintended consequences.

These consequences include heightened state and employer costs, as well as fraud and abuse that may occur at contract pharmacies. Signing **HB 2385** poses a significant risk of substantially increasing healthcare costs for Oregon's Medicaid program, employers, and workers. For instance, **HB 2385** would reduce the amount of drug rebates collected by Oregon's employers and workers by \$35 million annually. Additionally, the Oregon Medicaid program would also experience increased costs.

Abuse is rampant in the 340B Drug Pricing Program, as has been outlined in a [recent report from Chairman Bill Cassidy of the Senate Health, Education, Labor and Pensions Committee](#) (HELP) which requested a comprehensive understanding of where the dollars generated by this program flow and how such revenue benefits patients. The information gathering included letters requesting information and data from hospital covered entities, health centers, large for-profit chain pharmacies, and pharmaceutical manufacturers.

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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 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. Many community, and rural pharmacies are unable to secure contracts with covered entities favoring large entities, reducing competition, *leading to pharmacy consolidation* often to wealthier communities and away from disadvantaged and impoverished communities.

Overall, the agreements between the contract pharmacies, TPAs, and covered entities reflect a proliferation of fees across various services and settings. In CVS's response to Senator Cassidy they raked in more than 350 million in TPA fees, highlighting the need for accountability and transparency. With multiple for-profit entities receiving substantial financial benefits, the incentives are aligned to exert more payment pressure on covered entities, thereby diverting resources from the 340B Program's intended purpose of allowing covered entities to stretch scarce federal resources as far as possible.

Chairman Cassidy's investigation underscores that there are transparency and oversight concerns that prevent 340B discounts from translating to better access or lower costs for patients. Congress needs to act to bring much-needed reform to the 340B Program, HB 2385 as written, stands in opposition to ensuring patients benefit from this federal program that intended to "...reach more eligible patients, and provide more comprehensive services."

While CANN understands that **HB 2385** was well intentioned, allowing unlimited contract pharmacies only benefits those who are motivated by their margins, Pharmacy Benefit Managers, and the for-profit companies they contract with. Ultimately diverting the benefit of this program from the intended vulnerable patients and into the pockets of those who aim to turn 340B into a revenue stream.

To be clear, CANN supports a strong 340B program. When 340B operates the way it is intended, safety-net providers thrive and vulnerable communities, families, and individuals gain access to healthcare they might otherwise not have. CANN welcomes discussion on instituting appropriate guardrails into future legislation that would serve to strengthen the program, shield good stewards, and hold accountable bad actors 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.

Respectfully submitted,



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

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