



February 5, 2025

Kentucky General Assembly
Senate Health Services Committee
700 Capital Ave.,
Frankfort, KY 40601

Mailing Address:

Attn: Jen Laws
PO Box 3009
Sidell, LA 70459

Chief Executive Officer:

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

Board of Directors:

Darnell Lewis, Chair
Riley Johnson, Secretary
Dusty Garner, Treasurer

Michelle Anderson
Hon. Donna Christensen, MD
Kathie Hiers
Kim Molnar
Judith Montenegro
Amanda Pratter
Trelvis D. Randolph, Esq
Cindy Snyder

Director Emeritus:

William E. Arnold (*in Memoriam*)
Jeff Coudriet (*in Memoriam*)
Hon. Maurice Hinchey, MC (*in Memoriam*)
Gary R. Rose, JD (*in Memoriam*)

National Programs:

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)

National ADAP Working Group (NAWG)

RE: SB14

Dear Honorable Chairman Meridith, Vice Chair Richardson, Members of the Kentucky Senate Health Services Committee, and your respected staff,

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.

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 Drug Pricing Program is of profound importance to our community.

Today, we write in opposition to **SB14** which proposes to expand the 340B program by giving covered entities the opportunity to receive deep discounts on medications without adequate oversight, transparency in how those funds are used, and further incentivize consolidation of care access points across the state.

The 340B Drug Pricing Program was established with the intent to support covered entities in providing discounted medications to vulnerable, underserved populations. However, the misuse of the program by certain covered entities has caused significant strain on both businesses and state insurance plans, undermining its original purpose.

One of the most prominent issues arises when covered entities exploit the program to generate excess revenue rather than reinvesting savings to expand patient care. By obtaining steeply discounted drugs through the 340B program

RE: SB14

February 5, 2025

Page Two

and subsequently billing insurance plans or patients for these drugs at full price, some entities create significant profit margins. This practice places an undue financial burden on state Medicaid programs, commercial insurance plans, and the employers and taxpayers who fund them.

For businesses, the increased costs associated with 340B markups contribute to rising insurance premiums and higher out-of-pocket expenses for employees. These inflated costs are especially problematic for small and mid-sized employers, who often face limited options when negotiating affordable health plans for their workforce. In turn, businesses may struggle to maintain competitive benefits packages, putting additional strain on employees and their families.

On the state level, Medicaid programs are also heavily impacted. In some cases, covered entities may claim rebates for 340B-purchased drugs without properly accounting for duplicate discounts, violating federal law. These violations not only result in financial penalties but also drain already-limited Medicaid resources that could otherwise be used to expand health care access or improve existing services for low-income populations.

Furthermore, the lack of transparency in the 340B program makes it challenging to monitor whether covered entities are using the savings appropriately. This opacity often leaves businesses and state policymakers in the dark about whether the program is truly benefiting the patients it was designed to help, fostering frustration and calls for much needed reform.

Similarly, diversion of program benefit from needy communities and into wealthier communities is only further enabled when the program is expanded without sufficient guardrails. Unchecked, the 340B has encouraged consolidation, community pharmacy closures, harms rural access, and in an extraordinary example of abuse, [been the driving financing force in mismanaged housing programs that have left patients dead.](#)

The provision allowing any person to file a complaint with the Attorney General creates a broad avenue for disputes that could overwhelm enforcement mechanisms. Without clear safeguards, this could result in frivolous or excessive complaints that strain state resources, divert attention from legitimate issues, and delay meaningful resolutions. Further, such an approach may exacerbate adversarial relationships between manufacturers and covered entities, ultimately hindering collaboration to address systemic issues in the 340B program.

If this body seeks to positively impact patient access to care, priority on PBM reform is a must. PBM reform, not unchecked 340B expansion, speaks most directly to patient concerns regarding pharmacy access, benefit design, and medication affordability.

Ultimately, the misuse of the 340B program diverts resources from businesses, taxpayers, and state insurance plans, creating ripple effects that weaken the financial stability of health care systems. Addressing these challenges requires increased oversight, accountability, and a renewed commitment to ensuring that the program fulfills its original mission of supporting vulnerable communities.

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 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 look forward to engaging with members on this topic and thank the Chairman and Vice Chair for the engagement on these and other issues impacting quality care and meaningful access to care for people living with HIV, patients across the great state of Kentucky, and all those we call friends, family, and neighbors.

Should you have any questions or any other matters of public health you wish to discuss further, please do not hesitate to reach out by email or phone kalvin@tiicann.org 913.954.8816 or Jen@tiicann.org 313.333.8534

Respectfully submitted,

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

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

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