



May 30, 2025

Governor Phil Scott
109 State Street,
Pavilion Montpelier, VT 05609

Via Electronic Mail

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(HEAL) Group
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National ADAP Working Group (NAWG)

RE: H.266 - VETO REQUEST

Dear Honorable Governor Scott,

Today, we respectfully write requesting a **VETO** to **H.266**, which as written seeks to expand 340B contract pharmacy arrangements in Vermont 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 H.266

H.266 undermines the well-recognized need for reform to align 340B with its original intent because the bill seeks an avenue to [expand 340B contract pharmacy arrangements without limitation](#) – particularly, limitations necessary to ensure proper transparency, accountability, and ensure patients benefit from reduced acquisition 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.

[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.

[340B has been the primary driver behind contract pharmacy expansion](#). 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, exacerbating the growing patient access issue. Directly, expanding contract pharmacies under the 340B program isn't about patients, it's about adding more hands to the 340B cookie jar, at the expense of patients.

Community Access National Network (CANN)
www.tiicann.org

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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.](#)

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 H.266 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 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,
Kalvin Pugh
Director of State Policy, 340B
Community Access National Network (CANN)

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

