TO: Members of the House Health and Human Services Committee
FROM: Community Action for Responsible Hospitals
DATE: Wednesday, April 30, 2025
SUBJECT: Hold Hospitals Accountable – Support SB 25-124

Our organization, representing the interests of workers, faith leaders, healthcare providers, and patient advocates, applaud your leadership and urge passage of Senate Bill 25-124. This legislation is an important step in ensuring that critical healthcare resources are used properly to benefit our most vulnerable citizens and underserved communities.

The abuse of the 340B program is not an isolated issue – it's a clear symptom of a broader trend: the corporatization of our healthcare system, where profit comes before patients.

SB 25-124 responds directly to this problem by requiring transparency around how hospitals use the 340B prescription drug program. Under 340B, hospitals capture steep discounts with the intent that they use the savings to make medications affordable for low-income and uninsured patients – and reinvest in improving care for the communities they serve

There is extensive evidence that this mission is not being fulfilled in Colorado. Despite collecting significant revenues through 340B:

- 73% of hospitals participating in the program are providing a level of charity care below the national average (while paying their CEOs seven-figure salaries).
- Further, these hospitals are contracting with large corporate chain pharmacies to receive these discounted drugs, with nearly half located in affluent communities.
- Finally, Colorado hospitals have a well-documented history of aggressive debt collection practices. They were caught secretly suing thousands of patients every year for unpaid medical bills.

SB 25-124 is an exercise in both common sense and financial responsibility. Colorado hospitals are pocketing millions of dollars through a program designed to benefit low-income and underserved patients, they should be required to publicly show how those funds are being used. Other participants in the 340B program already face this level of scrutiny – big, tax-exempt hospitals should be no exception. We strongly encourage your support for this legislation to ensure these resources truly serve the people they're intended to help.

STATEMENT

PhRMA
RESEARCH • PROGRESS • HOPE

In Opposition to Colorado SB 25-124
April 29, 2025

Position: The Pharmaceutical Research and Manufacturers of America ("PhRMA") respectfully opposes Colorado SB 25-124 which would require biopharmaceutical manufacturers to provide 340B-priced drugs to all pharmacies that contract with 340B sole community hospitals and critical access hospitals. This type of provision not only raises constitutional concerns but also exacerbates existing problems with the 340B program without ensuring that vulnerable patients needing discounted medicines will benefit.

Congress created the 340B program in 1992 to help vulnerable and uninsured patients access prescription medicines at safety-net facilities.

Through the program, biopharmaceutical manufacturers provide tens of billions of dollars in discounts each year to qualifying safety-net hospitals and certain clinics ("covered entities"), but patients are often not benefitting. Today, large hospital systems, chain pharmacies, and pharmacy benefit managers (PBMs) are generating massive profits from the 340B program even though its intended beneficiaries were true safety-net hospitals and clinics and the low-income and vulnerable patients they treat. The 340B program has strayed far from its safety-net purpose, and Congress needs to fix the program to ensure that it is reaching its intended populations.

The 340B hospital markup program has become a hidden tax on employers, patients, and state employees.

Marking up the costs of 340B medicines for employer-sponsored commercial plans and patients with private insurance generates significant revenue for 340B hospitals. 340B hospitals collect seven times as much as independent physician offices for the sale of medicines administered to commercially insured patients[i] and average spending per patient in the commercial market on outpatient medicines was more than 2.5 times higher at 340B hospitals than non-340B hospitals.[ii]

In addition, the current design of the program directly increases costs for employers by an estimated 4.2%, or $5.2 billion, due to reduced rebates from manufacturers, and indirectly increases employer costs by incentivizing provider consolidation and use of higher cost medicines.[iii,iv] With no obligation to invest profits from 340B markups at satellite facilities into underserved communities, 340B hospitals frequently purchase independent physician offices so they can then buy more medicines and increase their 340B profits. Further, incentives in the 340B program increase the use of higher-cost medicines as hospitals participating in 340B generally obtain substantially larger profits from more expensive medicines.

In an unprecedented report examining 340B hospital practices in its state, the North Carolina State Treasurer found North Carolina 340B hospitals charged state employees massive markups for oncology

medicines. According to the report, North Carolina 340B hospitals charged state employees, on average, a price markup of 5.4 times the hospitals' discounted 340B acquisition cost for outpatient infused cancer medicines. This resulted in billing the North Carolina State Health Plan for Teachers and State Employees a price markup that was 84.8% higher than North Carolina hospitals outside of the 340B program.[v]

SB 25-124 will line the pockets of PBMs and contract pharmacies.

Many contract pharmacies charge a patient based on a drug's full retail price because they are not required to share any of the discount with those in need.[vi] Because of vertical integration in the supply chain, PBMs now own the majority of pharmacies, meaning they also make a profit from contract pharmacy arrangements. In fact, the five largest for-profit pharmacy chains comprise 60% of 340B contract pharmacies, but only 35% of all pharmacies nationwide.[vii] 340B covered entities and their contract pharmacies generated an estimated $13 billion in gross profits on 340B purchased medicines in 2018, which represents more than 25% of pharmacies' and providers' total profits from dispensing or administering brand medicines.[viii] Today, the program stands at $66.3 billion, a 23% growth increase from the previous year.[ix]

In 2023, the Minnesota Legislature passed legislation[xii] that requires the Minnesota Department of Health (MDH) to collect and aggregate data from Minnesota providers that participate in the federal 340B program. The Minnesota 340B report provides further evidence that for-profit middlemen are profiting from the 340B program. Payments to contract pharmacies and third-party administrators (TPAs) were over $120 million, representing approximately $16 of every $100 of gross 340B revenue generated paid to external parties. In fact, 10% of safety-net federal grantees reported a negative net 340B revenue due to payments made to middlemen. The top 10% of critical access hospitals and disease-specific grantees with the highest external operational costs lost at least half their gross 340B revenue to TPAs and contract pharmacies.[x]

Additionally, these contract pharmacies are often not located in the underserved areas that 340B was meant to serve. In Colorado, just 23% of contract pharmacies are located in rural areas, despite 47% of the state's zip codes being considered rural.

The 340B program is a comprehensive federal program that is governed exclusively by federal law.

States do not have the authority to create new requirements that are not in the federal statute or that conflict with the statute. Whether manufacturers can be required to ship drugs to contract pharmacies for 340B providers is currently being litigated in multiple federal courts across the country.

In litigation about the federal 340B statute, U.S. Courts of Appeal for the Third Circuit and D.C. Circuit have specifically found that the federal statute does not require delivery to an unlimited number of contract pharmacies. In January 2023, the U.S. Court of Appeals for the Third Circuit held that "[s]ection 340B [of the federal statute] does not require delivery to an unlimited number of contract pharmacies" and "Congress never said that drug makers must deliver discounted Section 340B drugs to an unlimited number of contract pharmacies." *Sanofi Aventis U.S. LLC v. United States Dep't of Health & Hum. Servs*., 58 F.4th 696 (3d Cir. 2023). Additionally, in May 2024, the U.S. Court of Appeals for the D.C. Circuit similarly held that manufacturers are not required to deliver to an unlimited number of contract pharmacies. Slip. Op. at 12, *Novartis Pharms. Corp. v. Johnson*, Nos. 21-5299, 21-5304 (D.C. Cir. May 21, 2024).

Despite ongoing activity at the federal level and in federal courts, a number of states have enacted legislation with similar contract pharmacy provisions to SB 25-124 that has serious constitutional defects and is being challenged in court. In December 2024, the U.S. District Court for the Southern District of West Virginia enjoined one of those laws after finding that plaintiffs were likely to succeed on their claim that the law was preempted by federal law.

PhRMA respectfully opposes the provisions outlined above and appreciates your consideration prior to advancing CO SB 25-124.

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The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research companies, which are laser focused on developing innovative medicines that transform lives and create a healthier world. Together, we are fighting for solutions to ensure patients can access and afford medicines that prevent, treat and cure disease. Over the last decade, PhRMA member companies have invested more than $800 billion in the search for new treatments and cures, and they support nearly five million jobs in the United States.

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[i] Hospital Prices for Physician-Administered Drugs for Patients with Private Insurance, New England Journal of Medicine, 390, 4, (338-335), (2024). DOI: 10.1056/NEJMsa2306609

[ii] Hunter MT, et al. "Analysis of 2020 Commercial Outpatient Drug Spend at 340B Participating Hospitals." Milliman, September 2022. https://www.milliman.com/-/media/milliman/pdfs/2022-articles/9-13-22_phrma-340b-commercial-analysis.ashx

[iii] Sun C, Zeng S, Martin R. "The Cost of the 340B Program Part 1: Self-Insured Employers." *IQVIA,* March 2024. https://www.iqvia.com/-/media/iqvia/pdfs/us/white-paper/iqvia-cost-of-340b-part-1-white-paper-2024.pdf.

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[v] North Carolina State Treasurer. "Overcharged: State Employees, Cancer Drugs, and the 340B Drug Pricing Program." May 2024. Access: https://www.shpnc.org/documents/overcharged-state-employees-cancer-drugs-and-340b-drug-price-program/download?attachment.

[vi] Conti, Rena M., and Peter B. Bach. "Cost consequences of the 340B drug discount program." *Jama* 309.19 (2013): 1995-1996.

[vii] Government Accountability Office, "*Drug Discount Program: Federal Oversight of Compliance at 340B Contract Pharmacies Needs Improvement*," GAO-18-480, June 2018.

[viii] Berkeley Research Group. For-Profit Pharmacy Participation in the 340B Program. October 2020.

[ix] Fein, Adam. The 340B Program Reached $66 Billion in 2023—Up 23% vs. 2022: Analyzing the Numbers and HRSA's Curious Actions. Drug Channels. Oct. 22, 2024. https://www.drugchannels.net/2024/10/the-340b-program-reached-66-billion-in.html

[x] Minnesota Department of Public Health, "340B Covered Entity Report," Nov. 25, 2024. https://www.health.state.mn.us/data/340b/docs/2024report.pdf

COMMUNITY ACCESS NATIONAL NETWORK

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PO Box 3009
Slidell, LA 70459

Chief Executive Officer:

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Phone: (313) 333-8534
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Email: jen@tiicann.org

April 28, 2025

Colorado General Assembly
House Health and Human Services Committee
200 E Colfax Avenue
Denver, CO 80203

Via Electronic Mail

RE: SB 124 - SUPPORT

Dear Honorable Chairman Brown, Vice Chair Lieder, Members of the Colorado House Health and Human Services Committee, and your respected staff,

The Community Access National Network writes today respectfully in SUPPORT to **SB 124**, which would support the original intent of the federal 340B Drug Pricing Program in Colorado by providing sufficient oversight 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.

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.

SB 124 supports the well recognized need for transparency and accountability for hospitals utilizing the 340B drug pricing program, by instituting prohibited uses of 340B revenue, and creating parity in reporting that grantees such as the Federally Qualified Health Centers, and the Ryan White AIDS Drug assistance are already required by HRSA to do.

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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“Revenue is revenue.” Or How Entities Can and *Do* Avoid Responsibility to Use 340B Revenue to Serve Patients

In Bon Secours Mercy Health (BSMH) response to Senator Bill Cassidy’s request for information when asked how 340B revenues were used (ie. exec compensation, patient benefit, and charity care), their response was "we don't segregate revenue. revenue is revenue."

Based on written responses and the accompanying documents produced pursuant to Chairman Cassidy’s investigation, BSMH and Cleveland Clinic each generated hundreds of millions of dollars in 340B savings and revenue from the 340B Program between 2018 and 2023. In responses to Chairman Cassidy’s letter, both BSMH and Cleveland Clinic explained that it “does not directly pass on all savings generated from the 340B Program to patients in the form of savings on health care expenses.”

Chairman Cassidy’s report calls for the need to provide clear guidelines to ensure that manufacturer discounts actually benefit 340B-eligible patients, including examining legislative changes to the definition of eligible patient and contract pharmacies’ use of the inventory replenishment model.

By requiring increased reporting and transparency measures, **SB 124** will help guarantee that patients directly benefit from the program’s cost reductions. This legislation will strengthen the integrity of the 340B program while fostering public trust and ensuring that resources are directed toward expanding access to essential healthcare services.

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, **SB 124** as written, supports that reform, ensuring patients benefit from this federal program that intended to reach more patients, and provide more comprehensive services.

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 within the appropriate limitations of state powers associated with this federal program.

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

COMMUNITY ONCOLOGY ALLIANCE

Dedicated to Advocating for Community Oncology Patients and Practices
1225 New York Avenue, NW, Suite 600, Washington, D.C. 20005
(202) 729-8147 | communityoncology.org

April 30, 2025

The Honorable Kyle Brown
House Health and Human Services
Colorado General Assembly
200 E Colfax Avenue
Denver, CO 80203

RE: Support for Senate Bill 124, Concerning Transparency in the 340B Drug Pricing Program

Chair Brown,

On behalf of COA and the independent oncology practices we represent across Colorado, I write in strong support of Senate Bill 124, a much-needed measure that brings transparency and accountability to the federal 340B Drug Pricing Program.

My name is Dr. Mark Thompson, and I serve as Medical Director of Public Policy for the Community Oncology Alliance (COA). We are the only nonprofit organization in the United States dedicated solely to independent community oncology practices, which are responsible for delivering the majority of cancer care to patients nationwide.

SB 124 presents an opportunity for Colorado to take national leadership in ensuring that 340B dollars serve patients as intended, not hospital profits. The original purpose of the 340B program was to help safety-net providers offer affordable prescription medications to low-income and vulnerable patients. Unfortunately, due to a lack of oversight, many large health systems have leveraged the program for financial gain rather than patient care.

Hospitals now account for nearly 90% of all 340B drug purchases, yet unlike Federally Qualified Health Centers, they are not required to reinvest savings into patient services.[i] Too often, these discounts are retained as profit or redirected toward hospital expansion, marketing, and executive compensation.

Meanwhile, this financial distortion has contributed to the widespread acquisition of independent oncology practices, pushing cancer care into more expensive hospital settings. Studies show that chemotherapy administered in these settings costs nearly twice as much as care delivered in independent community oncology clinics, costs that fall directly on patients and payers. This trend disproportionately impacts rural patients, who face increased travel burdens and often delayed or missed treatments as a result.

Equally concerning is that the expansion of the 340B program has not translated into increased charity care or financial relief for patients. Investigations have shown that many nonprofit hospitals still pursue aggressive debt collection practices against individuals who likely qualify for assistance, an outcome completely at odds with the program's original mission.[ii]

SB 124 offers a patient-first solution. By requiring hospitals to direct the majority of 340B profits toward reducing drug and health care costs for low-income patients, introducing robust public reporting, and prohibiting the use of 340B funds for lobbying, public relations, or executive compensation, the bill brings critical oversight and ensures these taxpayer-subsidized discounts serve the people they were meant to help.

We urge the committee to support SB 124 and help restore the integrity of the 340B program. Doing so will protect access to high-quality, affordable care in Colorado's independent oncology clinics and return the program to its original intent, helping patients, not enriching institutions.

For a more comprehensive analysis of this issue, we invite you to review COA's position statement on the 340B Drug Pricing Program. If we can be of additional assistance on this issue or others impacting community oncology, please contact James Lee, COA Director of State Regulation and Policy, at jlee@coacancer.org.

Sincerely,

Dr. Mark Thompson
Medical Director of Public Policy
Community Oncology Alliance (COA)

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[i] Fein, Adam J. "The 340B Program Climbed to $44 Billion in 2021—More Than Triple the Size in 2014." Drug Channels, August 16, 2022. https://www.dropbox.com/scl/fi/1e1l1sox6oqqe27nsy9aj/Drug-Channels-The-340B-Program-Climbed-to-44-Billion-in-2021-With-Hospitals-Grabbing-Most-of-the-M.pdf?rlkey=o9jnqxyujl516om5o0p91wdr3&st=8rt245sx&dl=0

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OurHealthEquity.org

Dear Representatives:

As advisor and director of Our Health Equity, I am writing to you in support of SB124. Our Health Equity is a nonprofit organization committed to improving access to medicine, reforming the charity healthcare system, and ensuring that each person has access to proper nutrition and clean drinking water.

On April 24, U.S. Senator Bill Cassidy, M.D., chair of the Senate Health, Education, Labor, and Pensions (HELP) Committee, released a report on the federal 340B Drug Pricing Program, detailing findings from his years' long investigation into how covered entities (certain health care facilities or programs that serve low-income patients, as designated in law) use and generate revenue from the program.

Congress created the 340B program in 1992 to allow covered entities to purchase outpatient drugs at a discounted rate "to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." Drug manufacturers are required to provide these discounts as a condition of participation in the Medicaid Drug Rebate Program.

According to a press release issued by his office, as part of his investigation into the 340B Program, Senator Cassidy requested information from hospitals, Federally Qualified Health Centers (FQHCs), contract pharmacies, and drug manufacturers to better understand how revenue flows throughout the 340B Program and how covered entities use 340B revenue to benefit patients. He found that Bon Secours Mercy Health and the Cleveland Clinic, both of which are covered entities, generated hundreds of millions of dollars in 340B revenue, but do not pass 340B discounts directly to their patients.

Shockingly, the two investigated hospitals saved hundreds of millions of dollars from 340B, and their executives stated that the 340B program was not designed to provide direct savings to patients. **Additionally, these hospitals report using 340B revenue on "capital improvement projects" and "community benefit programs" but do not account for what specific expenses 340B revenue goes towards. This cavalier and unaccountable approach to 340B funds is pervasive.**

Senator Cassidy's report also found that CVS Health and Walgreens charge covered entities a complex range of fees for using their pharmacy services to dispense 340B drugs to patients. They also charge additional administrative fees for Third Party Administrator (TPA) services. These fees, which generally increase each year, divert resources from the 340B program's intended purpose.

Clearly, the 340B program needs to be reformed—in a major way. Colorado voters agree.

A recent poll conducted by Our Health Equity surveyed 800 active Colorado voters indicated that 84% of Coloradans support requiring hospitals to use 340B discounts to reduce patient drug costs (see graphic on p. 3).

Also, 58% of Coloradans find "reducing the out-of-pocket costs and prices" for patients to be the most important use of profits gained from the 340B program. For too long, the 340B program has been used to line the pockets of large hospital networks, leaving behind the patients they are meant to serve.

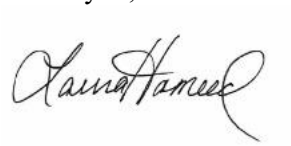
The 340B program was designed to help eligible safety-net providers generate funds to serve low-income and uninsured patients better. However, minimal oversight and transparency requirements allow covered entities and contract pharmacies to make a profit without reinvesting in charity care in high-need communities.

Colorado has the unique opportunity to pioneer health equity in America, and SB124 is an important step in improving healthcare accountability for underserved Coloradans. Requiring clear reporting requirements, like those recently adopted in Minnesota, will help provide legislators and the public with a better understanding of how many millions of dollars are flowing through the 340B program and who is truly benefitting from those resources.

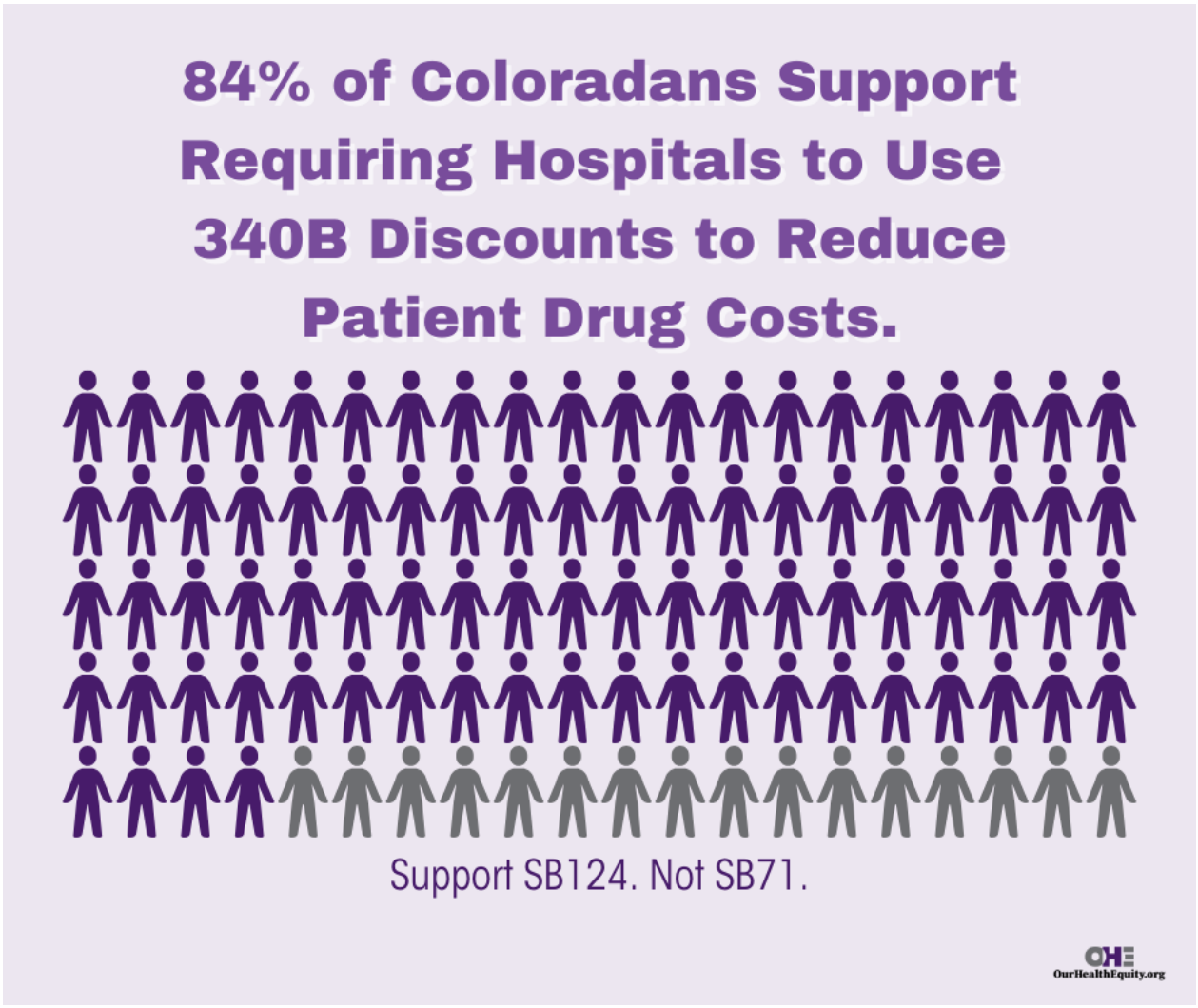
It is encouraging to see Congress begin addressing more sweeping reforms of the program and while we wait, Colorado legislators have an opportunity to advance transparency and accountability for the 340B program by supporting SB124.

While we would love to see provisions requiring 340B dollars to be used to directly lower out-of-patient costs, we believe SB 124 is the only path forward to help ensure that fewer patients are left behind in favor of profits.

Thank you,



Laura Brod Hameed, Advisor/Director
OurHealthEquity.org
(612) 437-8836



340B Case Study: Richmond Community Hospital

How is Bon Secours supporting the underserved patients that the program was designed to help at Richmond Community Hospital?

Let's take a look...

Richmond Community Hospital

Serves Richmond's largest Black population, lacks basic resources and reliable equipment. Despite these struggles, the nonprofit hospital, owned by Bon Secours, has the highest profit margins of any hospital in Virginia.

340B In Action

Richmond Community Hospital can purchase a cancer drug for $3,444 and bill insurance $25,425, generating a $22,000 profit per vial. The program clearly creates substantial revenue for the hospital, as intended. Yet, 340B hospitals such as Richmond Community Hospital are not expanding their resources to regions that need it most.

Join our campaign at

OurHealthEquity.org

[1]https://www.vhi.org/Bon%20Secours%20Richmond%20Community%20Hospital.html?tab=&?=h9880/
[2]https://storymaps.arcgis.com/stories/e51284979e494f228df0d46198aace40
[3]https://paddockpost.com/2024/10/03/executive-compensation-at-bon-secours-mercy-health-2022/
[4]https://bsmhealth.org/leadership/john-starcher/
[5]https://projects.propublica.org/nonprofits/organizations/540647482
https://www-nytimes-com.cdn.ampproject.org/c/s/www.nytimes.com/2022/09/24/health/how-a-hospital-chain-used-a-poor-neighborhood-to-turn-huge-profits.amp.html

How does the 340B program work?

The 340B program allows hospitals in underserved areas to buy discounted drugs and bill insurance at full price. The program was designed to help low-income patients afford their medicines and provide access to charity care. However, large hospital chains exploit lenient transparency and reporting rules by opening clinics in wealthier areas, treating insured patients, and linking them to underserved hospitals on paper.

$42,671,373

in net revenue in 2017 at Richmond Community Hospital after Bon Secours closed its ICU and key specialists left. This turned Community Hospital into a glorified emergency room.[1]

At least 4 cases of patients not receiving proper care due to a shuttered ICU at Richmond Community Hospital between 2017 and 2021.

2 resulted in death

1 resulted in life-long cardiac issues

1 resulted in an amputation

More Than Half

the households in the neighborhoods surrounding Richmond Community Hospital do not have a car, according to research[2] done by Virginia Commonwealth University. Public bus routes to Saint Mary's, where patients can receive specialized care, take more than an hour.

$4.75 million

The average annual amount spent on improvements to Richmond Community Hospital and the surrounding community from 2018-2022, according to Bon Secours.

$11,580,768[3]

2022 take-home pay of John M. Starcher Jr.[4], CEO of Bon Secours Mercy Health.

98.5%

of Richmond Community's revenue comes from program services, yet Dr. Lucas English, a former emergency department worker, claims Bon Secours was essentially laundering money from the poor hospital to its wealthier locations for profit. At the chain's St. Francis Medical Center, just 18 miles away, golf carts transport patients past marble fountains in a luxurious suburban setting.[5]

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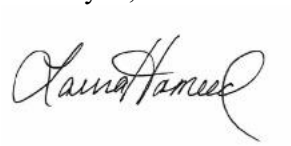

Laura Brod Hameed, Advisor/Director
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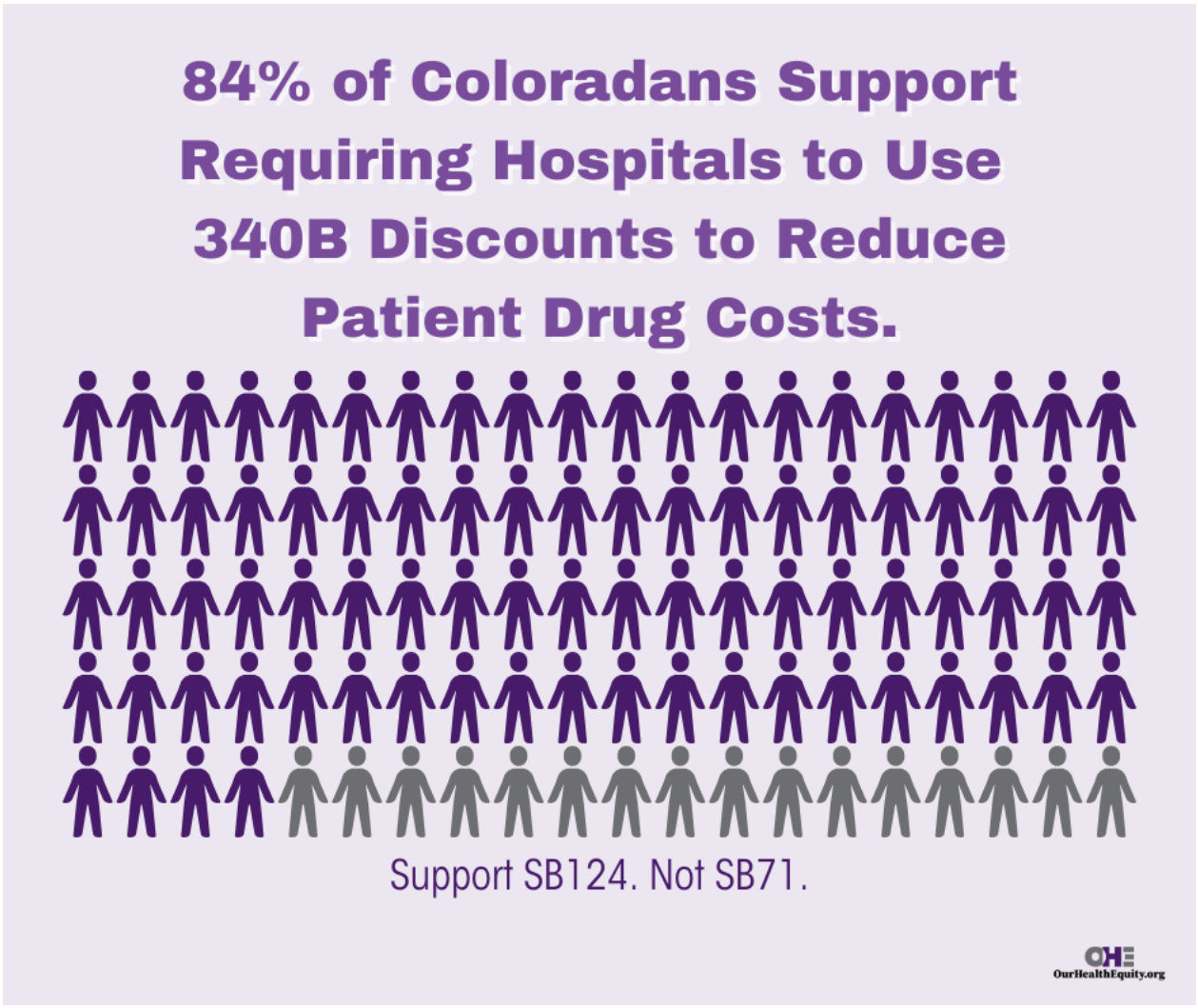

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Join our campaign at

OurHealthEquity.org

[1]https://www.vhi.org/Bon%20Secours%20Richmond%20Community%20Hospital.html?tab=&?=h9880/
[2]https://storymaps.arcgis.com/stories/e51284979e494f228df0d46198aace40
[3]https://paddockpost.com/2024/10/03/executive-compensation-at-bon-secours-mercy-health-2022/
[4]https://bsmhealth.org/leadership/john-starcher/
[5]https://projects.propublica.org/nonprofits/organizations/540647482
https://www-nytimes-com.cdn.ampproject.org/c/s/www.nytimes.com/2022/09/24/health/how-a-hospital-chain-used-a-poor-neighborhood-to-turn-huge-profits.amp.html

How does the 340B program work?

The 340B program allows hospitals in underserved areas to buy discounted drugs and bill insurance at full price. The program was designed to help low-income patients afford their medicines and provide access to charity care. However, large hospital chains exploit lenient transparency and reporting rules by opening clinics in wealthier areas, treating insured patients, and linking them to underserved hospitals on paper.

$42,671,373

in net revenue in 2017 at Richmond Community Hospital after Bon Secours closed its ICU and key specialists left. This turned Community Hospital into a glorified emergency room.[1]

At least 4 cases of patients not receiving proper care due to a shuttered ICU at Richmond Community Hospital between 2017 and 2021.

2 resulted in death

1 resulted in life-long cardiac issues

1 resulted in an amputation

More Than Half

the households in the neighborhoods surrounding Richmond Community Hospital do not have a car, according to research[2] done by Virginia Commonwealth University. Public bus routes to Saint Mary's, where patients can receive specialized care, take more than an hour.

$4.75 million

The average annual amount spent on improvements to Richmond Community Hospital and the surrounding community from 2018-2022, according to Bon Secours.

$11,580,768[3]

2022 take-home pay of John M. Starcher Jr.[4], CEO of Bon Secours Mercy Health.

98.5%

of Richmond Community's revenue comes from program services, yet Dr. Lucas English, a former emergency department worker, claims Bon Secours was essentially laundering money from the poor hospital to its wealthier locations for profit. At the chain's St. Francis Medical Center, just 18 miles away, golf carts transport patients past marble fountains in a luxurious suburban setting.[5]

OurHealthEquity.org

To: Members of Colorado's General Assembly
From: Laura Brod-Hameed, Our Health Equity
Re: SB25-124

Dear Members of the Legislature,

Thank you for your service to Colorado. As a former legislator, I know firsthand how important it is to understand what voters want before casting a vote. Please find below a polling memo from Keating Research, commissioned by Our Health Equity, which reflects the views of Colorado voters on the issue of 340B and directly relates to SB25-124.

We found that 84% of Colorado voters want 340B profits invested in lower out-of-pocket drug costs, which is why we urge a yes vote on SB25-124.

Thank you for reviewing the research polling memo. I trust that you will make the right decision for your voters.

Laura Hameed
Advisor, Director
(612) 437-8836

From: Chris Keating, Spencer Keating, Keating Research, Inc.

To: Our Health Equity

Subject: Coloradans prefer that the 340B Program revenues are used to reduce the out-of-pocket costs and prices that patients pay for prescription medicines

Date: March 7, 2025

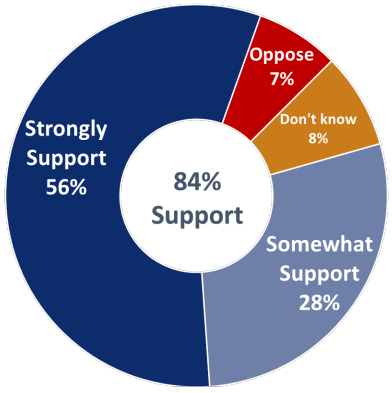
These poll results are based on a hybrid poll (online and phone) of 800 active registered voters in Colorado statewide conducted from February 20-25, 2025, by Keating Research. The sample is distributed to represent active registered voters based on party registration, gender, age, and ethnicity. The margin of error at the 95% level for 800 respondents is ±3.5%. The poll was paid for by Our Health Equity.

Colorado voters strongly support policymakers taking action to require 340B Program funds are used to directly reduce the out-of-pocket costs and prices that patients pay for prescription medicines.

1. Coloradans Strongly Support a State Law that Requires Hospitals and Clinics to Use the 340B Program Discounts to Reduce the Cost that Patients Pay for their Prescription Medicines.

A state law requiring hospitals and clinics to use the 340B Program funding to reduce the cost that patients pay for prescription medicines

More than 8-of-10 Coloradans (84%) support *a state law that would require hospitals and clinics to use the discounts they receive from pharmaceutical manufacturers to directly reduce the cost that patients pay for their prescription medicines,* while only 7% oppose it.

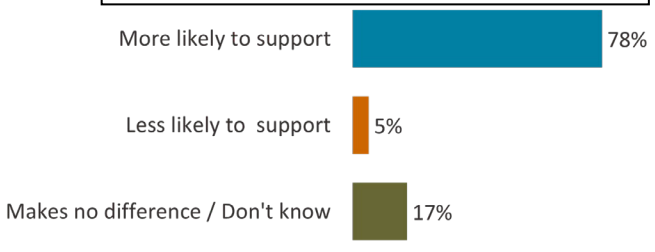


The call for state legislators to require a reduction in the cost of prescription medicines is a non-partisan opinion. Support is the strongest with Democrats (88% support) and Unaffiliateds (86% support), while 3-of-4 Republicans also support (78% support). The desire for a reduction in the cost of prescription medicines is higher among Colorado's lower income families (87% support).

Support for this state law is strong across the state including in Denver/Boulder counties (94% support), in the five Suburban counties of Adams, Arapahoe, Broomfield, Douglas, and Jefferson (86% support), in the four Front Range counties of Larimer, Weld, Pueblo and El Paso (81% support) and in the 53 Rural counties (76% support).

2. Legislators Gain Support by Dedicating 340B Funds for Patient Savings.

State legislator who votes to dedicate 340B Program funds to reduce the cost that patients pay for prescription medicines



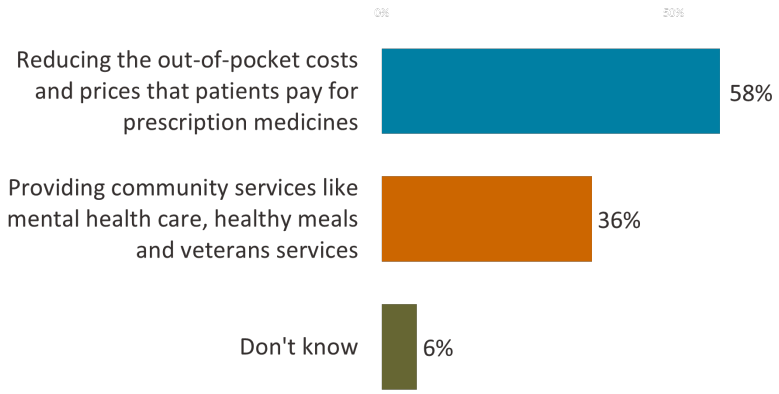
When voters are asked if they would be more likely or less likely to support their state legislator if they vote to dedicate 340B Program funds to directly reduce the out-of-pocket costs and prices that patients pay for prescription medicines, 3-of-4 (78%) of Coloradans say they would be *more likely* to vote for that legislator compared to only 5% that say *less likely* and 17% that say it *makes no difference / don't know*. Latinos (82% more likely) and Black / African Americans (87% more likely) are even more supportive of a legislator who votes to directly reduce the out-of-pocket costs and prices that patients pay for prescription medicines.

In every region around the state, large majorities are more likely to vote for a state legislator who supports dedicating 340B money to reduce the cost of prescription medicines, including in Denver/Boulder counties (79% more likely), in the five Suburban counties of Broomfield, Adams, Jefferson, Douglas and Arapahoe (84% more likely), in the four Front Range counties of Larimer, Weld, Pueblo and El Paso (72% more likely) and in the 53 Rural counties (71% more likely).

In addition, nearly 8-of-10 (78%) of Coloradans want the state legislature to do more to reduce hospital markups on prescription medicines for patients, including 84% of Democrats, 77% of Unaffiliateds and 73% of Republicans. Lower income Coloradans (81%) are even more likely to want the state legislature to do something to help reduce hospital markups on prescription medicines.

3. Coloradans Prefer to Use the 340B Program Funding for Direct Patient Savings Instead of Community Services like Mental Health care, Healthy Meals and Veterans Services.

When asked their preference for how to use the funding that hospitals and clinics receive from the 340B Program, 6-of-10 (58%) prefer that the funds are used to reduce the out-of-pocket costs and prices that patients pay for prescription medicines, while 36% prefer the funds are used to provide community services like mental health care, healthy meals and veterans services - a 22 point preference for reducing out-of-pocket costs and prices that patients pay for prescription medicines.



Seniors Age 65+ (68% prefer) are the most likely to prefer that the 340B Program funding is used to reduce the out-of-pocket costs and prices that patients pay for prescription medicines.

Democrats (64%) are more likely to prefer that the 340B Program funding is used to reduce the out-of-pocket costs and prices that patients pay for prescription medicines.

The Uninsured (63%) prefer that the 340B Program funding is used to reduce the out-of-pocket costs and prices that patients pay for prescription medicines.

April 7, 2025

Honorable Representatives,

We write to request that you join with the many patients, communities and professionals who support the reform and transparency of the federal 340B Prescription Drug Program in Colorado Senate Bill 124. We ask you to support the bill as passed out of committee without additional floor modifications.

The abuse of the 340B program has become a national disaster not only for our most vulnerable patients but the entire health care system. Dozens of investigations by news organizations, think tanks and leading medical journals have documented systematic misuse of 340B funds by corporate hospitals, pharmacy benefit managers (PBMs) and national pharmacy chains such as Walmart, CVS and Walgreens.

The 340B Prescription Drug Program was created in 1992 to allow certain health care providers that serve low income, rural and at-risk communities to purchase medicines at deep discounts and pass the savings on to needy patients. But in the last ten years the program has ballooned to over $66B in drugs dispensed through over 33,000 340B entities across the United States.

In that time, hospitals, middlemen and the national pharmacy chains have seized the opportunity to misuse the system in the absence of practically zero guardrails or transparency. They leverage the mandates of the 340B program to purchase prescription medicines at huge discounts (sometimes as little as one cent) and resell them for reimbursement at full price by health insurers – charging patients their typical copay or co-insurance. There is no tracking of where the profits go, meaning the intended beneficiaries of the program - at-risk, rural communities and underserved patients - may never see the discounted prices and in fact may not get a discount at all.

We wholeheartedly support the original intent of the 340B system and the proper implementation of its benefits. The remedy to restore the 340B program to its original purpose and reign in the abuse is to support and vote for SB 25-124. This bill provides for significant progress toward restoring the flow of benefits of the 340B program back to at-risk, rural and underserved patients as the program was intended. This kind of strong, straightforward policy directive is what is needed to reverse the decade-long misuse of the 340B program that has driven up the cost of prescription medications and deprived at-risk patients of billions in drug discounts.

SB124 also would also bring critically needed transparency to the 340B system. The bill provides needed tools that will empower you and Colorado policymakers to right the 340B ship and roll back what is becoming the largest systemic health care scheme in America. The provisions of the bill would deliver desperately needed relief to Colorado patients struggling with high prescription drug costs, including:

- **Stabilizing Healthcare Costs:** Reducing 340B abuses can help curb the inflation of healthcare costs, making it easier for businesses to provide competitive benefits to their employees.
- **Promoting Fair Competition:** Addressing program abuses can restore a more balanced market, where local providers and businesses can thrive without being edged out by entities exploiting the system.
- **Stemming the Exodus of Pharmacies from Underserved Areas of the State:** Hospitals abuse the 340B system through contracting with pharmacies well outside of their service area – in some cases out of state – to expand their network of 340B outlets regardless of whether at-risk patients are being served. This has resulted in pharmacies being closed in underserved areas in order to serve more affluent communities. Meaningful transparency will shine a light on this misuse and aid in developing policies to reverse pharmacy deserts in Colorado.
- **Strengthening Local Economies:** Ensuring the 340B program functions as intended can help preserve local healthcare providers, which in turn supports job creation and economic stability in Colorado communities.

Given the life-changing impacts at stake for Colorado's most vulnerable patients, we urge you to act swiftly to pass SB25-124 – without additional amendment – to make clear that the era of 340B abuse is over and that patients in Colorado come before profits.

We very much appreciate your service to the people of Colorado and your ongoing commitment to help ensure patients across the state can access the prescription medications they need at a cost they can afford.

Advocates for Compassionate Therapy Now
AiArthritis – International Foundation for Autoimmune & Autoinflammatory Arthritis
AIDS Drug Assistance Program Advocacy
ALS Association
BDSRA Foundation
Biomarker Collaborative
The Bonnell Foundation: Living with Cystic Fibrosis
Coalition of Hematology and Oncology Practices
Colorado Springs & Southern Colorado Area Special Needs Families
Community Access National Network
Community Action for Responsible Hospitals
Cystic Fibrosis United
Ehlers-Danlos Society
Exon20 Group
Gaucher Community Alliance
H.E.A.L.S. of the South
Hispanic Business Alliance
Hypertrophic Cardiomyopathy Association
International Cancer Advocacy Network (iCAN)
Lupus and Allied Diseases Association, Inc
Lupus Colorado
MET Crusaders
Patients Rising
PDL1 Amplifieds
Rare Access Action Project
SLC6A1 Connect
Society of Dermatology Physician Associates
Young Invincibles

Colorado State Senate
Colorado Capital
200 E Colfax Ave
Denver, CO 80203

To Whom It May Concern,

The Westminster Chamber of Commerce works to help residents and businesses in our community curb rising healthcare costs. By doing so, we hope to ensure that Westminster remains an attractive place to live and work.

This is the reason why we are strongly asking you and your colleagues on the Senate Health & Human Services Committee to support Senate Bill 25-124. The bill is clear in its intent: Reducing the cost of healthcare. This bill would ensure that the prescription drug discounts provided through the federal 340B program would be passed on to patients in need, not sent to out-of-state contract pharmacy chains.

We are all aware of the rampant abuse of the federal 340B discount drug program that has been reported on in leading national publications across the country – most recently the Wall Street Journal that detailed how boutique consulting firms are creating programs for large employers to harvest drug discounts from employees, regardless of whether those employees are eligible under the 340B program. Other reports describe the loss of locally owned clinics and pharmacies, creating healthcare deserts in underserved communities, as massive out-of-state chains use 340B profits to create an unfair advantage in the market. These kinds of abuses drive up healthcare costs for local businesses, nonprofit organizations and residents throughout our community.

We urge you to bring much needed transparency to healthcare in Colorado, protecting the most vulnerable and ensuring that Coloradans have access to the life-saving medications they need. Please vote to support Senate Bill 25-124.

Thank you for your consideration.

Jamie Chavez
President & CEO
Westminster Chamber of Commerce

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programs@askican.org · askican.org

ican international cancer advocacy network
the virtual lifeline for proactive cancer patients

Testimony of Marcia K. Horn, JD
President and CEO
ICAN, International Cancer Advocacy Network

submitted to:

The Health and Human Services Committee
Colorado House of Representatives
in Support of SB 124 re the 340B Drug Discount Program

April 30, 2025

Mr. Chairman and Members of the House Health and Human Services Committee, thank you for the opportunity to testify in support of SB 124. I am Marcia Horn, President and CEO of ICAN, International Cancer Advocacy Network, a 501(c)(3) non-profit helping Stage IV cancer patients. Founded 29 years ago, we have helped more than 19,000 patients, including hundreds in Colorado.

In my testimony submitted in opposition to SB 71 we expressed our serious concerns that SB 71 would make the problems in the 340B drug discount program even worse.

We reiterate those concerns in this testimony, but we will not belabor them. Anyone who doubts the serious problems in the 340B program should simply see the huge amount of well-documented evidence that comes from far too many sources to ignore or dismiss as partisan or self-interested. These include:

The *New York Times* expose, "How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits."

A Government Accountability Office report showed that more than half of the 340B hospitals examined were not passing on the discounts to the low-income and uninsured patients that the 340B program was established to help, while an Office of Inspector General report showed that many uninsured patients are paying full price at the contract pharmacies that are supposed to be complying with the 340B program.

A report found that the average profit margin on 340B medicines dispensed through contract pharmacies was 72%, compared with just 22% for non-340B medicines.

A new study by the American Cancer Society Cancer Action Network finds that the 340B program creates an incentive for hospitals to use more expensive medications, thus increasing the amount cancer patients pay in deductibles, coinsurance, and for medications.

These abuses are taking place around the country, including in Colorado.

The fundamental problem with the current abuses of the 340B program is that the discounted drug prices that were supposed to benefit uninsured and lower income patients are not getting to those patients. Similarly, the hospitals that were supposed to use some of the revenues they gained from the 340B discounts to provide charity care are not doing so.

SB 124 represents a step forward in mandating greater transparency by the hospitals involved with the 340B program. SB 124 is also consistent with the original intent of the 340B program, and it will be consistent—transparency and oversight—with the expected reforms at the federal level.

For that reason, we support SB 124 and hope that it will pass to make the 340B program better in Colorado, just as SB 71 will make the 340B program worse. Just as SB 124 is consistent with expected federal reforms, SB 71 is inconsistent with the original intent of the 340B program, and it will be inconsistent with the expected reforms at the federal level.

Mr. Chairman and Members of the Committee, on behalf of the patients we serve, and on behalf of all patients who are affected by drug pricing issues, please support SB 124 and let us refocus reform efforts on measures that will actually lower drug costs for all patients, especially uninsured and lower income patients.

Thank you for your consideration and for the opportunity to testify in support of SB 124.

Respectfully submitted,

Marcia K. Horn

Marcia K. Horn, JD
President and CEO
ICAN, International Cancer Advocacy Network