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MINNESOTA Independent Physicians Association



Neuropathy Action Foundation Awareness • Education • Empowerment

PDL1 Amplifieds

Dear Minnesota Senator:

Studies show that [half of Minnesota adults experience healthcare affordability burdens](#). Healthcare access and expenses are a major source of stress for Minnesota residents with [healthcare costs rising in the state](#). Our organizations represent patients, healthcare providers, and other key parts of the healthcare ecosystem working collectively to improve access to affordable, innovative treatments and serve as a voice for the local community.

While we appreciate the intent of proponents of this bill to improve healthcare access in Minnesota, **unfortunately, we feel SF 5159 is premature.**

- **The 340B Program fails to lower patient drug costs.** Through the program, drug manufacturers provide [more than \\$54 billion in discounted product](#). Yet only [1.4% of patients received a discount on their 340B prescriptions](#) at contract pharmacies through the program.
- **The 340B Program doesn't ensure benefits reach low-income patients.** Problems with the 340B Program arose when HRSA released a guidance letter in 2010 that allowed covered entities to contract with an unlimited number of pharmacies for 340B prices. Since then, the number of contract pharmacies has increased 8,000%. Sadly, as the program has grown, the percentage of these pharmacies in underserved and economically disadvantaged areas has decreased. [Growth of 340B contract pharmacies](#) is instead increasingly concentrated in "affluent and predominantly White neighborhoods," and 340B contract pharmacy growth is declining in "socioeconomically disadvantaged and primarily non-Hispanic Black and Hispanic/Latino neighborhoods." The minimal prescription discounts that are currently available through the 340B Program are not available to the patients who most need them. Today in Minnesota, there are 2,173 contracts between Minnesota 340B entities and pharmacies nationwide, and only 35% of contract pharmacies are located in medically underserved areas.
- **340B expansion harms rural hospitals.** Expanding the 340B Program before correcting its shortcomings with comprehensive reform puts local, rural hospitals at a disadvantage. Studies show that the program is [driving consolidation](#) of smaller healthcare providers into larger healthcare entities. In its current form, 340B's loose program entity requirements result in more than half of the top 20 companies on the Fortune 500 list generating profit from the program. As these entities continue making [billions of dollars](#), the 340B Program as it stands today will continue making it harder for smaller and less profitable rural hospitals in the state to struggle to keep up.

A recent investigative piece by the New York Times, [Profits Over Patients: How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits](#), explores the federal 340B program and how it's hurting access to healthcare by eliminating basic medical services, especially in poor and underserved areas, which is the exact opposite of the program's original intention to help in-need communities get the services they need. The [Richmond Times Dispatch](#) did a follow-up article with legislators working on solutions to add additional oversight of federal programs and ensure not-for-profits are meeting commitments to the communities they serve.

Efforts are underway at the federal level to address the disparities that currently exist in the 340B Program, and we urge you to wait until those changes are made before taking any action at the state level. We need to be sure the program works as originally intended – to improve access and health equity in Minnesota. Thank you for all you do to improve the quality of lives for all.

Respectfully,

AiArthritis
 American Senior Alliance
 Biomarker Collaborative
 Community Liver Alliance
 Coalition of State Rheumatology Organizations
 Dermal Care Access Network
 Exon 20 Group
 HEALS of the South

Hispanic Business Alliance
 ICAN - International Cancer Advocacy Network
 Lupus and Allied Diseases Association, Inc.
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