

April 9, 2024

Senate Commerce and Consumer Protection Committee

Chair Klein and Committee Members,

As 340B covered entities, we are writing to express our collective support for Senate File 5159 (Mann), legislation that will prohibit drug manufacturers from denying hospitals, community health centers, and Ryan White clinics drug discounts provided by the federal 340B Drug Program.

The 340B Drug Pricing program which was enacted by Congress in 1992 provides a way for critical health care providers (“covered entities”) to purchase discounted drugs from participating pharmaceutical companies. To qualify to participate in 340B, covered entities like community health centers, sexually transmitted infection clinics and hospitals must serve a disproportionate share of low-income patients or patients living in isolated rural communities. The program allows providers to offer more comprehensive services by stretching scarce resources as far as possible to give patients access to the healthcare services they need.

Currently, when drug companies deny the required discounted prices to contract or community pharmacies, they undermine the purpose of the federal 340B program, placing further significant financial strain on healthcare providers that rely on 340B savings to provide services to the low-income, underserved, and vulnerable.

There are currently over 30 drug manufacturers that are arbitrarily denying 340B pricing to safety net providers across the country. In 2021, nationwide restrictions from 21 drug manufacturers on community and specialty pharmacies accounted for the loss of **\$8.4 billion in funding from drug manufacturers**. Today, the number of drug manufacturers denying 340B pricing continues to grow, diverting millions of health care dollars from crucial health care providers across the country. These dollars are vital for ensuring underserved patients continue to have access to high quality, local health care services regardless of their income or zip code.

We urge your support of SF 5159 which will safeguard the integrity of the 340B program, ensure equitable access to comprehensive health care services for all Minnesotans, particularly those in rural or low-income areas, and support the financial stability of health care providers serving these communities. This action is not just a matter of health policy but a crucial step towards health equity, ensuring that the benefits of the 340B program reach those it was intended to help.

Allina Health
Astera Health
Avera Health

CentraCare
Children's Minnesota
City of Minneapolis
Essentia Health
Fairview Health Services
HealthPartners
Hennepin Healthcare
Lakewood Health System
Minnesota Association of Community Health Centers
Minnesota Community Care
Minnesota Hospital Association
Minnesota Society of Health-System Pharmacists
Native American Community Clinic
Olmsted Medical Center
Open Door Health Center
Rainbow Health
Sanford Health
Southside Community Health Services
The Aliveness Project
United Family Medicine
Welia Health