Date: March 19th, 2026

To: Senator Klein & Senate Judiciary & Public Safety Committee members

From: The Minnesota Society of Health-System Pharmacists

Re: SF3769/HF3609, the 340B Drug Pricing Program Protections Act revisions

---

Senator Klein & Senate Judiciary & Public Safety Committee members

We are writing in **strong support of SF 3769 (Klein) and HF3609 (Zeleznikar)** which secures and defends existing protections for the 340B Drug Pricing Program in Minnesota. The 340B program has worked for thirty-four years because the framework was clear: manufacturers provided discounted drugs, and safety-net providers invest those savings to ensure the state's rural and underserved communities have access to high-quality comprehensive health care. That framework hasn't changed.

What has changed is manufacturer restrictions on contract pharmacies that undermine access to the program for patients — and with it, access to primary and specialty care, cancer care, infusion services, and behavioral health close to home. Minnesota's 340B covered entities use 340B savings exactly as Congress intended. Policies that restrict or undermine that framework jeopardize patient access – especially in rural Minnesota.

The 340B Drug Pricing Program was enacted by Congress in 1992 and provides a way for safety-net providers to purchase discounted drugs from participating pharmaceutical companies. 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, services that government payers and commercial insurers can't or won't cover.

For decades, the Health Resources and Services Administration (HRSA) maintained a longstanding policy that permitted 340B covered entities to engage with their choice of contract pharmacies to dispense 340B drugs on their behalf to their patients. These contract pharmacy arrangements are critical for covered entities, particularly those in rural and underserved areas where in-house retail pharmacy is not feasible, to ensure patients have access to their medications.

Beginning in 2020, drug manufacturers began unilaterally imposing restrictions on 340B discounts at contract pharmacies, undermining the intent of the program and denying Minnesota's safety-net providers millions of dollars in drug savings. These restrictions have forced covered entities to absorb

significant financial losses and, in many cases, to scale back the very services the 340B program was designed to support.

In response to these manufacturer-imposed restrictions, states across the country have taken action to protect 340B contract pharmacy arrangements. In 2021, Arkansas became the first state to enact a law prohibiting drug manufacturers from limiting 340B discounts at contract pharmacies. After several legal challenges brought by the Pharmaceutical Research and Manufacturers of America (PhRMA) and individual manufacturers, courts have upheld the Arkansas law. Today, over 20 states have passed similar laws to protect 340B discounts at contract pharmacies, and courts across the country have consistently upheld these state protections.

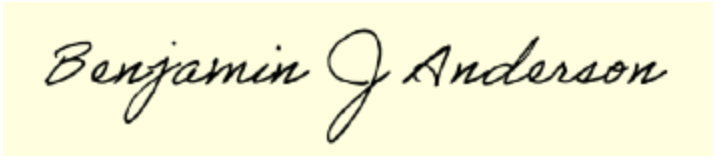
Minnesota enacted its own 340B protection law in 2024 (Minn. Stat. § 62J.96). However, unlike other states, Minnesota's law is not being enforced. As a result, many drug manufacturers are simply ignoring Minnesota's state law and continuing to impose contract pharmacy restrictions with impunity. The disparity in treatment is striking. For example, certain drug manufacturers enforce a policy that prohibits 340B hospital covered entities from using contract pharmacies, but exempts covered entities in Arkansas, Maryland, Mississippi, Colorado, Maine, Missouri, North Dakota, Rhode Island, South Dakota, Vermont, and Nebraska, all states that are actively enforcing their 340B protection laws. Because Minnesota is not enforcing its law, those manufacturers do not list Minnesota as an exempt state.

Compounding this problem, Minnesota's current law includes a sunset date of July 1, 2027. The existence of this sunset provision further emboldens manufacturers to ignore the law, as they believe the requirement will eventually go away without the need for compliance. Additionally, the imminent financial destabilization caused by HR 1 on safety-net providers is undisputed. Allowing pharmaceutical manufacturers to ignore the law will further degrade the 340B program and only add to the destabilization of our safety-net providers.

SF 3769 (Klein) will make permanent the protections the Minnesota Legislature enacted in 2024 and provide the Attorney General with clear authority to enforce the law when manufacturers do not comply. Minnesota's 340B covered entities and the patients they serve deserve the same certainty and protection that exist in other states with similar laws.

We urge the committee to support SF 3769 (Klein) and HF3609 (Zeleznikar). This bill provides clarity, stability, and accountability — and ensures Minnesota patients are treated no differently than patients in other states with comparable protections. At a time when safety-net providers face mounting financial pressures, maintaining predictable and enforceable 340B protection is essential to sustaining life-saving care in communities across our state.

Sincerely,



Benjamin J Anderson, PharmD, MPH, FASHP, FMSHP
President, Minnesota Society of Health-System Pharmacists
Rochester, MN