



Oppose Senate Bill 27 & House Bill 490

Encourage Congress to Continue 340B Reform and Restore the Program to It's Intended Purpose

We write today in **opposition to Senate Bill 27 and House Bill 490**, proposed bills that would use state law to expand the federal 340B Drug Pricing Program far beyond what Congress intended. A growing body of evidence reveals that 340B is not helping patients as planned, and the program is [currently under Congressional investigation](#).

SB 27 and HB 490 are anti-free market, government mandated, price-setting measures that are bad for Kentucky. The General Assembly should instead be urging Congress to return the 340B program to its original purpose: helping uninsured and low-income Americans access affordable medications.

340B has exploded into the second largest federal drug program behind only Medicare Part D, boosting the bottom lines of dominant players in the healthcare sector, including pharmacy benefit managers (PBMs). The bills go far beyond current federal law by defining the term "contract pharmacy" and mandating that manufacturers treat contract pharmacies the same as 340B hospitals and clinics. This would accelerate the growth of 340B contract pharmacies, potentially hurting community pharmacies and giving PBMs more control of the program.

Government mandates and price controls are bad for Kentucky businesses and bad for our business reputation. Pharmaceutical manufacturers in Kentucky support critical scientific advancements at our research universities, employ 6,000 Kentuckians at 16 facilities across the state, and have a combined economic output of \$8.5 billion. Frankfort should support growth in pharmaceutical research and manufacturing rather than price controls.

SB 27 and HB 490 would produce windfall profits for large healthcare conglomerates. The majority of 340B contract pharmacies are owned or affiliated with the big PBMs. In fact, more than half of 340B profits retained by contract pharmacies are concentrated in four pharmacy companies (Walmart, CVS, Walgreens and Accredo).

Similar legislation in other states is the subject of ongoing litigation as federal courts debate whether manufacturers can be legally required to abide by such government mandates. In litigation about the 340B statute, one court has already determined that the federal statute does not require delivery to an unlimited number of contract pharmacies.

We appreciate your work to improve access to care in Kentucky and encourage you to focus on reforms that will lower out-of-pocket costs for patients, such as requiring PBMs to share the significant rebates that insurers and PBMs pocket as profit at the point-of-sale.

Government mandates and price setting measures are bad for business. **Please oppose SB 27 and HB 490** and instead urge Congress to continue to reform the federal 340B program and restore its original purpose: helping uninsured and low-income Americans access their medications.

Sincerely,

The Kentucky Association of Manufacturers
The Kentucky Life Sciences Council
Biotechnology Innovation Organization (BIO)