



March 11, 2025

Oregon State Legislature  
House Committee on Behavioral Health and Health Care  
900 Court Street NE  
Salem, OR 97301  
*Submitted electronically via OLIS*

**RE: HB 2385, relating to restrictions on 340B covered entities**

Chair Nosse and Members of the Committee:

We appreciate the opportunity to express support for HB 2385. The bill would protect patients, hospitals, and other 340B covered entities. As written, a drug company cannot deny, restrict, prohibit, or interfere—directly or indirectly—with the purchase or delivery of 340B drugs to pharmacies that partner with eligible health care providers. The only exception is if the U.S. Department of Health and Human Services (HHS) specifically prohibits it. We believe HB 2385 is vital to protecting the integrity of the 340B Drug Pricing Program and the value it provides to Oregonians. Without it, we expect drug companies to continue to take actions that are detrimental to patients. Oregon is not alone in trying to address this issue. Other states have successfully passed or introduced legislation that would prohibit drug companies from denying approved discounts through contract pharmacy arrangements.

**How the 340B program serves Oregonians through our hospitals**

For more than 30 years, the federal 340B Drug Pricing Program has provided financial protection to hospitals serving vulnerable communities to manage rising prescription costs, at the cost borne by drug companies to pay their fair share. Section 340B of the Public Health Service Act requires drug companies participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for uninsured and low-income patients, called “covered entities.” These organizations include but are not limited to several types of hospitals, including critical access hospitals (CAHs), and sole community hospitals (SCHs), rural referral centers (RRCs), and nonprofit disproportionate share hospitals (DSH) that serve low-income and indigent populations. These hospitals care for a significant share of Oregon’s underserved populations including children, people with cancer, and rural patients.



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## Why is HB 2385 necessary?

HHS has referred several drug companies to its Inspector General for failing to follow 340B program rules regarding contract pharmacies. The Health Resources and Services Administration (HRSA) instructed these companies to comply with the law by offering discounted 340B drugs to eligible health providers that use contract pharmacies. When the companies refused, HRSA escalated the issue. The drug companies are now challenging this in court.

## Contract pharmacies as a vital program partner

HRSA allows 340B participants to contract with outside pharmacies to dispense drugs to their eligible patients.<sup>1</sup> For hospitals, these arrangements allow them to ensure that their patients can access the drugs they need when they need it, especially as patients rely more heavily on specialty drugs, many of which are in limited distribution. For patients, these arrangements make it easier to access their needed drugs without having to travel to the hospital to receive the drug.

According to the American Hospital Association, “Contract pharmacies are particularly important in rural hospitals, many of which do not have their own in-house pharmacies, and therefore solely rely on a network of contracted community and specialty pharmacies to ensure their patients have access to the drugs they need. Approximately half of all eligible 340B hospitals are located in rural areas that often lack adequate access to health care services. More than 80% of rural 340B hospitals use contract pharmacies to ensure their patients have access to needed outpatient drugs, as well as other essential services.”<sup>2</sup>

For those hospitals with an in-house pharmacy, contract pharmacies remain important for quality patient care. Not every hospital can stock every medication that every patient might need. The contract pharmacy creates access to additional, often specialty medications and supports high-quality patient care.

HB 2385 would prohibit drug companies from denying 340B discounts through contract pharmacy arrangements. The actions that the drug companies have taken support their bottom line at the expense of hospitals serving vulnerable communities and patients. This bill would protect patients’ access to necessary medications from this harmful practice.

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<sup>1</sup> Health Resources & Services Administration, Contract Pharmacy Services, [Contract Pharmacy Services | HRSA](#)

<sup>2</sup> American Hospital Association, Fact Sheet: 340B Drug Pricing Program – Contract Pharmacy Arrangements, April 2023, <https://www.aha.org/system/files/media/file/2020/10/fact-sheet-340b-drug-pricing-program-contract-pharmacy-arrangements.pdf>



Sincerely,



Travis Meuwissen  
Director of Government Affairs  
Hospital Association of Oregon

### **About the Hospital Association of Oregon**

Founded in 1934, the Hospital Association of Oregon (HAO) is a mission-driven, nonprofit trade association representing Oregon's 61 hospitals. Together, hospitals are the sixth largest private employer statewide, employing more than 70,000 employees. Committed to fostering a stronger, safer, more equitable Oregon where all people have access to the high-quality care they need, the hospital association supports Oregon's hospitals so they can support their communities; educates government officials and the public on the state's health landscape, and works collaboratively with policymakers, community based organizations and the health care community to build consensus on and advance health care policy benefiting the state's four million residents.



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