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May 31, 2024

The Honorable Liz Krueger, Chairwoman  
Senate Finance Committee  
172 State Street, Capitol Building  
Room 416  
Albany, NY 12247

**Re: S 8992 – Reforming the 340b Program - *Oppose***

Dear Chairwoman Krueger,

I write to express the Global Healthy Living Foundation’s (GHLF) opposition of S 8992, and ask you to put a pause on the state’s attempt to regulate the federal 340b program for the time being. GHLF is a New York-based organization representing chronically ill patients and their caregivers nationwide. We work to improve the quality of life for patients living with chronic diseases by making sure their voices are heard and advocating for improved access to care at the community level. Our patients suffer from chronic conditions, including arthritis, psoriasis, gastrointestinal disease, cardiovascular disease, and migraine. While we appreciate the intent of proponents of this bill to improve healthcare access and affordability in New York, unfortunately, we feel S. 8992, and its companion bill A.7789, are premature.

The 340b program was created to help vulnerable patients, but today, it fails to adequately lower patient drug costs or support the community the program was designed to serve. Drug manufacturers provide more than \$54 billion in discounted products through the program. Yet patients only receive discounts on 1.4% of all 340b eligible prescriptions at contract pharmacies through the program. A 2022 investigative piece by the New York Times, *Profits Over Patients: How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits*,<sup>1</sup> explores the federal 340b program and how it decreases 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.

Problems with 340b 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 by 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

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<sup>1</sup> <https://www.nytimes.com/2022/09/24/health/bon-secours-mercy-health-profit-poor-neighborhood.html>

neighborhoods.” The minimal prescription discounts that are currently available through 340b are not available to the patients who most need them. Today in New York, there are 6,173 contracts between New York 340b entities and pharmacies nationwide, and only 24% of contract pharmacies are in medically underserved areas.

340b expansion is premature while the program is under federal investigation. Last September, the Senate Health, Education, Labor and Pensions (HELP) Committee opened an investigation into how 340b revenue is spent to help patients. Since then, the investigation has requested information on revenue spending from 340b covered entities and contract pharmacies. Additionally, a working group of six bipartisan Senators released a legislative discussion draft that aims to reform the 340b program and ensure it is helping patients the way policymakers originally intended.

Efforts are underway at the federal level to address the disparities that currently exist in 340b, 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 New York.

Thank you for all you do to improve the quality of life for all New Yorkers.

Sincerely,



Corey Greenblatt  
Director of State Policy and Advocacy  
Global Healthy Living Foundation

