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Committee on Insurance and Real Estate
Connecticut State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106

Dear Legislator,

On behalf of the 23,369 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in Connecticut, I am writing to urge you to oppose [SB 355](#), “An Act Establishing the 340b Drug Pricing Nondiscrimination Act.”

The federal 340B drug discount program needs reform, but SB 355 fails to solve longstanding problems and also institutes heavy-handed government mandates which result in market distortion and price controls.

The 340B program was created as a safety net for indigent and uninsured run by the Health Resources and Services Administration (HRSA). It has grown from \$9 billion in 2014 to \$29.9 billion in 2019 and represents more than 8 percent of all drug sales. Nonprofit hospitals and for-profit pharmacies have been [lining](#) their pockets instead of passing on cost savings to the patients. A November 2021 Xcenda report found that the 340B program is not being used to get low-cost drugs to the individuals it is intended to serve, and that the hospitals and pharmacies profiting from the program are largely not located in areas that serve low-income people. These findings echo a 2018 *New England Journal of Medicine* [study](#) that “found compelling evidence that financial gains for hospitals were not associated with expanded care or lower mortality among low-income patients. In fact, the analysis suggested hospitals use the 340B program for financial gain and act contrary to the goals of the program to serve low-income patients.” The Connecticut legislature should not expand this flawed program.

The price controls outlined in this bill would further distort the medical marketplace and can be challenged as being unconstitutional. The state of Arkansas enacted similar legislation, which was challenged in the U.S. District Court for the Eastern District of Arkansas on September 29, 2021, based in part on the argument that the pricing mandate provisions violate federal law.

The original intent of the 340B program to provide a safety net for patients is not what the program represents today. Inserting more mandates into the program will not lower costs for patients.

State legislators should oppose any efforts to institute price controls or amend the flawed 340B program. For the above reasons, we respectfully ask you to oppose SB 355.

Sincerely,

Tom Schatz