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June 3, 2024

The Honorable Brenda Carter  
Chair  
House Committee on Insurance and Financial Services  
Michigan House of Representatives  
House Office Building, Room 521  
Lansing, MI 48909

### **Re: House Bill 5350, 340B Prescription Drug Program**

Dear Chair Carter and Members of the Committee,

We urge you to oppose HB 5350 regarding the federal 340B program on two grounds. First, the legislation is premature due to the reform efforts at the federal level. Second, the changes mandated by HB 5350 would fail to lower prescription drug prices for those who were supposed to be helped by the 340B program—uninsured and low-income patients.

Few doubt the need for meaningful 340B reform. The question is what should be done and by whom. The fundamental problem is that the discounted drug prices that were supposed to benefit uninsured and lower income patients are not getting to those groups. This has been the fault of far too many hospitals and far too many pharmacies—both of whom are supposed to be administering the 340B program to help low income and uninsured patients.

The *New York Times* expose, “How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits” (it is available at this link: (<https://www.nytimes.com/2022/09/24/health/bon-secours-mercy-health-profit-poor-neighborhood.html>)), illustrates what is wrong and what desperately needs to be reformed in the 340B program. Here is a perfect example of where abuse and misuse of the 340B program is not only raising drug prices for everyone, but where the intended beneficiaries of the program—uninsured and low-income patients—are not receiving the discounts on drugs that they are entitled to.

Instead of reforming the program so that uninsured and low-income patients do receive those discounts, HB 5350 would basically require that drug manufacturers send their product to most, if not all, pharmacies who, in turn, would sell the drugs at the discounted price. Thus, many patients who are not eligible for the 340B discounts would receive the subsidies, while still not ensuring that those who are eligible would get them.

In addition to the *New York Times* expose, there is ample evidence gathered by many other experts both in government and out. A Government Accountability Office report ([here](#)) showed that more than half of the 340B hospitals examined were not passing on the discounts. An Office of Inspector General report ([here](#)) showed that many uninsured patients are paying full price at the contract pharmacies that are supposed to be complying with the 340B program.

Founded in 1996, ICAN, International Cancer Advocacy Network, is a Phoenix-based 501(c)(3) non-profit that has helped over 18,000 Stage IV metastatic cancer patients in all 50 states and in 72 countries to date. We work every day to secure the most effective drugs and treatments for our patients.

Our patients span the racial and ethnic spectrum from each and every community across the country and around the world. They also span the political spectrum from far left to far right, the economic spectrum from generational poverty to considerable affluence, the geographic spectrum from rural isolation to urban congestion, and the social spectrum from facing Stage IV cancer entirely alone to being supported by an extensive network of family and friends.

On behalf of those patients, please oppose HB 5350 and let us refocus reform efforts on measures that will actually lower drug prices for all patients, especially uninsured and lower income patients.

Under HB 5350 we would continue the fundamentally unjust situation in which the intended beneficiaries who are eligible for, and need, the discounts are not getting them, while those who are not entitled to the discounts are getting them.

In short, HB 5350 would make the situation worse.

Thank you for your consideration.

Respectfully submitted,

*Marcia Horn*

Marcia K. Horn, JD

President and CEO

ICAN, International Cancer Advocacy Network