



April 10, 2025

Representative Susan R. Donovan, Chairwoman
Rhode Island House Committee on Health and Human Services
82 Smith Street
Providence, RI 02903

Chairwoman Donovan:

On behalf of the patient and provider advocacy organizations we represent, we are writing to express our concerns regarding H.5634 and S.114. While we appreciate the intent of these bills to improve healthcare access in Rhode Island, we believe it is premature to advance new policies without first addressing existing challenges within the 340B program to ensure it effectively serves vulnerable populations.

The 340B Drug Pricing Program was established in 1992 to increase access to affordable medications for underserved patients by providing discounted pricing for drugs purchased by eligible healthcare entities. These entities were expected to provide these drugs at a meaningful discount while also charging enough above their acquisition cost to generate a revenue stream to support other services for these underserved patients. A question never answered was how much above their acquisition cost were these entities supposed to charge patients? Was it two, three, four or five times their cost? Other unanswered questions about the 340B program in Rhode Island persist, among them:

- Why do Rhode Island's 340B hospitals contract with dozens of pharmacies outside of Rhode Island to fill prescriptions for individuals once served at the local 340B hospital?
- Why are only 6% of pharmacies contracted by Rhode Island's 340B providers located in low-income areas?
- How much are pharmacy benefit managers (PBMs) siphoning off 340B markup revenue from Rhode Island's 340B hospitals for their own profits?
- Why is the level of charity care provided by Rhode Island's 340B hospitals declining? According to data from the Pioneer Institute and ProPublica, the charity care rate for Rhode Island's 340B hospitals (0.8%) falls below the national average (2.5%).

No one has been able to answer these questions due to the current lack of transparency in the 340B program. In some cases, thanks to independent research by organizations like ProPublica, we've learned that 340B hospitals are charging some patients as much as seven times more for a drug than what the hospital paid for it while failing to direct this hospital mark-up revenue where it is supposed to go; providing services for

underserved patients. Adding insult to injury, some 340B hospitals in Rhode Island are suing poor patients over unpaid bills.

We believe patient advocacy organizations and the Rhode Islanders we support deserve answers to our questions about how the 340B program is currently functioning so we can have a more informed discussion about the relative merits of S114 and H 5634.

Reform of the 340B program is critical to ensuring it fulfills its original purpose of improving access to affordable medications and other healthcare services for underserved communities. Any legislative action on 340B should emphasize transparency, accountability, and equity by ensuring that program savings directly benefit lower income patients, incentivizing service expansion in underserved areas, and requiring 340B entities to demonstrate how markup revenues are reinvested in the communities they serve. Expanding the program without addressing its shortcomings risks harming patients and local providers while perpetuating inefficiencies in the healthcare system.

We need to be sure the program works as originally intended: to improve access and health equity in Rhode Island.

Sincerely,

ALS United Rhode Island
Brain Injury Association of Rhode Island
Epilepsy Foundation New England
NAMI Rhode Island
Biomarker Collaborative
Coalition of Hematology and Oncology Practices
Community Access National Network
Exon20 Group

H.E.A.L.S. of the South
Hispanic Business Alliance
Infusion Access Foundation
International Cancer Advocacy Network (ICAN)
Lupus and Allied Diseases Association, Inc.
MET Crusaders
National Infusion Center Association (NICA)
PDL1 Amplifieds

CC: Members of the House Health and Human Services Committee Members, including:

- Vice Chair Joshua J. Giraldo
- Vice Chair Brandon C. Potter
- Representative Mia A. Ackerman
- Representative David A. Bennett
- Representative Jennifer Smith Boylan
- Representative Megan L. Cotter
- Representative Kathleen A. Fogarty
- Representative Arthur Handy
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- Representative Michelle E. McGaw
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- Representative Jennifer A. Stewart