



Howard M. Dulude
Interim-President

April 10, 2025

The Honorable Susan R. Donovan
House Health and Human Services Committee
Rhode Island State House
82 Smith Street
Providence, Rhode Island 02903

Re: SUPPORT – H.5634

Dear Chair Donovan,

The Hospital Association of Rhode Island (HARI) and its members strongly support H.5634, an act which prohibits any manufacturer, health insurer, or pharmacy benefit manager from discriminating against any 340B entity participating in a drug discount program.

For three decades, the 340B program has effectively helped healthcare providers stretch federal resources, aligning with Congress' objectives. Savings from discounted outpatient drugs enable 340B hospitals to offer diverse programs and services directly benefiting patients, such as medication therapy management, diabetes education, behavioral health services, opioid treatment, and access to free or discounted drugs.

Amidst escalating drug prices and chronic Medicare and Medicaid underpayments, the 340B program remains vital. A recent report by the Department of Health and Human Services Assistant Secretary for Planning and Evaluation found that between 2022 and 2023, prices for nearly 2,000 drugs increased faster than the rate of general inflation, with an average price hike of 15.2%. The January 2022 to January 2023 increase of 15.2% translates to an average of \$590, more than a three times the previous year's increase of \$172. These increases in pricing exacerbate hospital expenses and workforce shortages.

Contract pharmacies are crucial components of the 340B program, ensuring patients' access to needed drugs. However, actions by more than 20 major drug companies since 2020 to restrict 340B pricing undermine the program's purpose, resulting in more than \$30 million in financial losses for hospitals and health centers.

This bill protects critical health care funding for Rhode Island's underserved populations by prohibiting the implementation of discriminatory business practices or policies in Rhode Island on 340B entities that are not required for non-340B entities. Specifically, it prevents reductions in reimbursements compared to non-340B entities and prohibits restrictions on contract pharmacy usage.

For these reasons HARI and its members support passage of H.5634 and appreciate your commitment to the well-being of our community.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa P. Tomasso", is written over a horizontal line.

Lisa P. Tomasso
Senior Vice President

Hospital Association of Rhode Island

405 Promenade Street – Suite C, Providence, Rhode Island 02908 ■ p (401) 443-2803 ■ f (401) 533-9328 ■ www.HARI.org