



HEALTH EQUITY COLLABORATIVE

August 6, 2025

The Honorable John Thune
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mike Johnson
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Re. Preserving the Intent and Integrity of the 340B Program: Opposition to 340B PATIENTS Act to Codify Contract Pharmacies Without Oversight or Reform

Dear Majority Leader Thune, Minority Leader Schumer, Speaker Johnson, and Minority Leader Jeffries,

On behalf of the Health Equity Collaborative (HEC), we write to strongly oppose the [340B PATIENTS Act](#), introduced on July 22, 2025, by Congresswoman Doris Matsui (D-CA) and Senator Peter Welch (D-VT) to codify contract pharmacies into the 340B Drug Pricing Program statute. While we share the goal of preserving the 340B program, this bill would lock into place a system that currently lacks the transparency, oversight, and accountability necessary to ensure benefits for the patients it was intended to serve.

In 1996, HRSA guidelines permitted covered entities without in-house pharmacies to contract with only one external pharmacy for the dispensing of 340B retail medications. However, in 2010, HRSA removed these restrictions, even though contract pharmacies are not authorized by the original statute, and permitted an unlimited number of such contracts. This policy change led to a [dramatic 12,000 percent increase](#) in contract pharmacy arrangements nationwide.

Codifying the current contract pharmacy model without first addressing its known flaws would institutionalize a deeply problematic status quo. This structure increasingly benefits large pharmacy chains rather than the low-income, uninsured, and underinsured patients the program is meant to support.

Why the 340B Program is Important

The [340B Drug Pricing Program](#) is a critical tool in advancing health equity. It enables safety-net providers, such as community health centers, rural hospitals, and public health clinics, to purchase medications at a discount, thereby stretching scarce federal resources to provide more comprehensive care. The program was created to support healthcare providers serving vulnerable populations, enabling them to reinvest savings into [essential services such as primary care, behavioral health, and medication access](#). When functioning as intended, the 340B program supports the health infrastructure in underserved communities and helps close longstanding disparities in access to affordable care.

Why this Bill is Problematic

Unfortunately, the 340B PATIENTS Act would worsen key problems that already exist in the 340B landscape. It fails to address and could further exacerbate the following issues:

- **Lack of Oversight and Transparency:** Expanding contract pharmacies without implementing stronger oversight mechanisms could worsen issues such as duplicate discounts and noncompliance. [Without clear reporting and enforcement standards](#), it becomes difficult to ensure the program is operating as intended.
- **Minimal Patient Benefit:** There is little data to support the claim that contract pharmacies provide [direct benefits to patients](#), especially the uninsured or underinsured. In many cases, 340B discounts are not passed on at the point of sale, and patients remain unaware of any potential savings.
- **Higher Costs for Patients and Taxpayers:** Increased use of [contract pharmacies](#) raises the risk of duplicate discounts and administrative inefficiencies. These added costs may ultimately be borne by patients and taxpayers, undermining the cost-saving intent of the program.
- **Worsened Health Equity:** The current [contract pharmacy](#) system disproportionately benefits large, for-profit retail chains, many of which are located in more [affluent communities](#). There is little evidence that this model improves medication access in high-need or rural areas. By cementing this structure into law, the bill could widen disparities rather than reduce them.

Congress Must Act

For these reasons, we urge Congress to reject this legislation and instead focus on reforms that strengthen program integrity, increase transparency, and ensure the 340B program delivers real and measurable benefits to underserved patients. Failure to act responsibly could result in lasting harm to the 340B program and to the patients and providers who rely on it. Congress must reject this flawed bill and commit to strengthening 340B in a way that protects its integrity, improves patient outcomes, and promotes health equity.

Sincerely,

The Health Equity Collaborative

<https://healthequitycollaborative.org/>

About Us: The Health Equity Collaborative (HEC) is a diverse community of national, public health, patient advocacy, civil rights, and multicultural organizations committed to supporting equity and combatting disparities experienced by underserved populations.