



Mailing Address:

Attn: Jen Laws
PO Box 3009
Slidell, LA 70459

Chief Executive Officer:

Jen Laws
Phone: (313) 333-8534
Fax: (646) 786-3825
Email: jen@tiicann.org

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June 4, 2024

Honorable Brenda Carter, Chairwoman

Insurance and Financial Services, Michigan House of Representatives

Honorable Mike McFall, Majority Vice Chair

Insurance and Financial Services, Michigan House of Representatives

Honorable Mike Harris, Minority Vice Chair

Insurance and Financial Services, Michigan House of Representatives

cc'd: Michigan House Insurance and Financial Services Committee Members

via electronic transmittal

RE: HB 5350

Chairwoman Carter, Majority Vice Chair McFall & Minority Vice Chair Harris,

The Community Access National Network (CANN) writes urging caution regarding HB 5350, which would expand the federal 340B Drug Pricing Program in Michigan without sufficient oversight to ensure the program appropriately serves patients, particularly those living with HIV and other chronic health conditions.

CANN's mission is to define, promote, and improve access to healthcare services and support for people living with HIV/AIDS and/or viral hepatitis through advocacy, education, and networking.

The "340B Affording Care for Communities and Ensuring a Strong Safety-Net Act" or "340B ACCESS Act" was very recently unveiled in the U.S. House of Representatives. The bill represents a careful negotiation between a variety of stakeholders affected by the 340B Program, including but not limited to the National Association of Community Health Centers, PhRMA, and numerous patient advocacy organizations. CANN is proud to be counted among the groups working to find consensus on reforming the 340B Program.

The U.S. House Committee on Energy & Commerce's Subcommittee on Oversight and Investigations today held a hearing: "[Oversight of the 340B Drug Pricing Program](#)." In total, the proposed federal legislation and this subsequent subcommittee hearing outlined detailed proposals to reform the program to address "bad actors" abusing the program, protect and promote good stewards, and center patient community benefit above all else.

Community Access National Network (CANN)
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HB 5350 undermines the well-recognized need for reform to align the 340B Program with its original legislative intent because the bill seeks to expand 340B contract pharmacy arrangements without limitation – particularly, limitations necessary to ensure proper transparency and accountability.

Transparency and accountability largely already exist for Federal Grantee covered entities via requirements set forth by grant contracts with the Health Resources and Services Administration (HRSA). However, other stakeholders, including so-called “disproportionate share hospitals” (DSH), pharmacy benefit managers (PBMs), third party administrators, and contract pharmacies have engaged in practices that further consolidation, harm access to care and efforts to address health disparities, and otherwise extract value within the program **away** from patients, vulnerable communities, and true safety-net providers.

These problems are so significantly large that not only are federal legislators seeking to introduce transparency but numerous state and federal [investigations](#) into the role 340B Program plays in healthcare consolidation. Similarly, [diversion of program benefit from needy communities and into wealthier communities](#) is only further enabled when the program is expanded without sufficient guardrails. Unchecked, the 340B Program has encouraged [hospital consolidation](#) or, in an extraordinary example of abuse, been the driving financing force in [mismanaged housing programs](#) that have left patients dead. One [study](#) on covered entities aptly referenced these distinctions in program engagement as “mission-motivated” versus “margin-motivated” practices.

HB 5350 poses the potential to exacerbate problems in the 340B Program without sufficiently ensuring the expansion *actually* benefits patients. To be clear, CANN supports a robust 340B Program. When 340B operates as it is intended, safety-net providers thrive and vulnerable communities, families, and individuals gain access to healthcare they might otherwise not afford. CANN welcomes discussion on instituting appropriate guardrails into the proposed legislation that would serve to strengthen the program, shield good stewards, and hold accountable bad actors within the appropriate limitations of state powers associated with this federal program.

We look forward to engaging with committee members on this topic and we thank the Chairwoman and Vice Chairs for the past engagement on these and other issues impacting quality care and meaningful access to care.

Yours in service,

A handwritten signature in black ink, appearing to read 'Jen Laws', written in a cursive style.

Jen Laws
President & CEO
Community Access National Network