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*of blessed memory

June 5, 2024

Honorable Members of the Michigan House of Representatives,

Choose Healthy Life (CHL) is a nonprofit organization that is focused on providing the Black church – the oldest and most trusted institution in the Black community – with the necessary resources, training, and support to address health disparities in hard-to-reach communities. On behalf of patients of the state of Michigan, including the community we serve, we strongly urge you to oppose HB-5350 of 2023.

The 340B program was supposed to help vulnerable communities access their medicines, not enable big hospitals and big pharmacy chains to profit at their expense.

Today, 13% of Michigan residents live below the poverty line, relying on federal safety nets in order to access essential health services.ⁱ We appreciate the legislation and other actions you have considered to aid these Michiganders, but urge you to take a closer look at what HB-5350 will achieve.

The reality is that tax exempt hospitals, PBMs, and big chain pharmacies across the state of Michigan have transformed 340B into a business enterprise, leaving local communities lacking the care they desperately need. Consider the University of Michigan Health System, which had three pharmacy contracts in 2011. By 2021, that number had grown to 598 contracts.ⁱⁱ Meanwhile, most patients are receiving 0% in prescription medication discounts even though the medication was purchased at a 340B discount.ⁱⁱⁱ

The statistics deserve a closer look:

- **First, there is a disproportionate divide between Michigan 340B profits and charity care:** 340B hospitals in Michigan make more than 8.5x as much from 340B as they spend on charity care.^{iv}
- **Second, Michigan's 340B hospitals are nearly all lagging behind the national average for charitable contributions:** 92% of 340B hospitals in Michigan are below the national average for charity care levels.^v

ⁱ [U.S. Census Bureau QuickFacts: Michigan](#)

ⁱⁱ [The 340B Program is at a Crossroads \(managedhealthcareexecutive.com\)](#)

ⁱⁱⁱ [BRG-ForProfitPharmacyParticipation340B_2020.pdf \(thinkbrg.com\)](#)

^{iv} PhRMA. "A Closer Look at 340B in Your Community"

^v PhRMA. "A Closer Look at 340B in Your Community".

- **Third, instead of serving people in need, most 340B contract pharmacies in Michigan are primarily in wealthy neighborhoods:** Only 28% of contract pharmacies in Michigan are in medically underserved areas.^{vi}

HB-5350 would serve to encourage these abuses instead of prioritizing underserved patients in Michigan. We strongly urge you to oppose HB-5350 and instead focus on patient-centered reforms that will help the most vulnerable people in Michigan access their medicines. The unintended consequences of this legislation could put community health, especially in our Black community, at risk across the state. Thank you for considering our perspective.

Sincerely,



Rev. Horace Sheffield III

CEO, Detroit Association of Black Organizations (DABO)
Detroit Clergy Leader, Choose Healthy Life

^{vi} PhRMA. "A Closer Look at 340B in Your Community".