



Dear Tennessee Legislator,

We are writing to express our concerns regarding House Bill 1242 to expand the 340B Drug Pricing Program in our state. While we share the goal of improving access to affordable healthcare, the current structure and implementation of the 340B program raise serious questions about its efficacy and fairness. Expanding the program without addressing these shortcomings risks further undermining its original intent of supporting vulnerable patients and communities.

The 340B Drug Pricing Program was established to help low-income and uninsured patients access essential medications by requiring pharmaceutical manufacturers to offer significant discounts to eligible healthcare entities. However, a growing body of evidence indicates the program has strayed from its mission, with substantial resources benefiting large healthcare systems and for-profit contract pharmacies rather than the patients it was designed to serve.

[In Tennessee, 44 hospitals participated in the 340B program in 2024](#), with 1,417 contracts between Tennessee's 340B hospitals and pharmacies nationwide, yet only 31% of these large, corporate contract pharmacies operate in medically underserved areas. Additionally, 16% of these entities provide charity care at levels below the national average. Rather than improving access for our most vulnerable residents, the program is driving up healthcare costs and leaving underserved communities behind.

Rather than realigning the program with its original mission, 340B expansion, as proposed in House Bill 1242, will exacerbate its existing flaws:

- **Rising Healthcare Costs:** [Studies have found](#) that patients pay significantly more for prescriptions at 340B-covered entities compared to non-340B entities. This [drives up insurance premiums](#) for employers and families statewide.
- **Eroding Rural Healthcare Access:** Many 340B entities and pharmacies are [located in wealthier, urban areas](#), leaving rural communities underserved. Unchecked expansion [incentivizes consolidation](#), putting [additional pressure](#) on [small, independent providers](#) critical to Tennessee's rural healthcare network.
- **Lack of Transparency:** The program's lack of accountability has allowed entities to generate [significant profits without demonstrating](#) how those funds are used to benefit low-income patients or underserved communities.

We urge you to ensure that any legislative action on 340B in Tennessee prioritizes transparency, accountability, and equity by focusing on reforms that ensure 340B savings directly benefit patients, incentivize service expansion in rural and underserved areas, and require 340B entities to demonstrate how program revenues are being reinvested in the communities they serve. Expanding the 340B program without addressing its shortcomings would harm patients and local providers, while perpetuating inefficiencies in our healthcare system.

Our organizations are committed to working with you to develop policies that truly benefit Tennesseans, such as 340B reform that prioritizes accountability and transparency and other measures, that prioritize patient access to care, including addressing the growing issue of Alternative Funding Programs that divert critical resources away from patients.

Sincerely,

Alliance for Safe Biologic Medicines  
Biomarker Collaborative  
Coalition of Hematology & Oncology Practices

Lupus and Allied Diseases Association, Inc.  
Memphis & Mid-South A. Philip Randolph Institute  
MET Crusaders

Coalition of State Rheumatology Organizations  
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)

Mid-South Liver Alliance  
National Infusion Center Association (NICA)  
Neuropathy Action Foundation  
PDL1 Amplifieds  
Society of Dermatology Physician Associates  
Tennessee Association of Adult Day Services  
Tennessee Men's Health Network  
The Mended Hearts, Inc.