



June 16, 2025

The Honorable Caroline Menjivar
Chair, Senate Health Committee
1021 O Street, Room 3310
Sacramento, CA 95814

RE: AB 1460 – OPPOSE Unless Amended

Dear Chair Menjivar:

On behalf of the Chronic Care Policy Alliance (CCPA), I write to express our deep concerns with AB 1460 as currently drafted, and to respectfully urge amendments that align with the mission of the federal 340B Drug Pricing Program. Specifically, we ask that the bill be amended to establish reasonable limits on the fees contract pharmacies—especially those owned or affiliated with pharmacy benefit managers (PBMs)—can charge, ensuring that the majority of 340B revenues stay with clinics to support care for low-income and underserved patients. This requested amendment will ensure that 340B funds are used to support safety net clinics that provide health care to the neediest Californians, rather than lining the coffers of multi-billion-dollar corporations.

The Chronic Care Policy Alliance (CCPA) unites state and regional advocacy organizations to champion public policies that enhance the lives of individuals living with chronic conditions and diseases. Headquartered in Sacramento, CA, we are committed to expanding access to quality, affordable health care.

The original intent of the 340B program was clear: to help safety-net providers “stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” However, over the years, a growing share of 340B revenue has been captured by large, for-profit pharmacy chains and PBM-affiliated entities, preventing funding from flowing to clinics for indigent care. As currently drafted, AB 1460 risks diverting critical health care resources away from the very clinics--particularly in rural and underserved areas--that are best positioned to provide care to vulnerable populations.

The 340B contract pharmacy market has become highly concentrated and dominated by a handful of multi-billion-dollar, for-profit pharmacy chains and PBMs—Cigna (via Express Scripts), CVS Health, UnitedHealth Group (via Optum Rx), Walgreens, and Walmart—who now account for 76% of all 340B contract pharmacy relationships.¹ This concentration has enabled corporate behemoths to capture a growing share of 340B revenue, at the expense of the program’s original mission.

¹ The 340B Contract Pharmacy Market in 2025: Big Chains and PBMs Tighten Their Grip,
<https://www.drugchannels.net/2025/06/340b-contract-pharmacy-market-in-2025.html>

Community clinics and rural health providers depend on 340B savings to keep their doors open, expand services, and cover gaps in care for uninsured and low-income patients. Yet, under the current structure, these safety-net providers are forced to share an increasing portion of their limited 340B savings with middlemen. In fact, a 2024 report by the U.S. Senate HELP Committee highlighted that fees assessed by PBMs and third-party administrators in the 340B program are often opaque, complex, and increasing, with little public accountability for how these fees are structured or how much is ultimately retained by PBMs and TPAs versus passed on to clinics or patients.² This model siphons dollars away from where they are most needed and into the pockets of multi-billion-dollar corporations.

To truly protect California's most vulnerable patients and preserve the integrity of the 340B program, AB 1460 must be amended to limit **PBM-owned contract pharmacies to only reasonable dispensing fees**, ensuring that all remaining 340B revenue is directed to clinics to support direct patient care.

Absent the proposed amendments, AB 1460 will further entrench profit-driven middlemen in the 340B program and widen disparities between urban and rural health systems. By placing commonsense guardrails on what contract pharmacies can extract from 340B transactions, AB 1460 can be a powerful tool for equity by helping clinics expand services, retain staff, and serve more patients, especially in underserved and rural communities.

California has long been a leader in health care access and affordability. At a time when the Legislature and Governor Newsom are working with near-unanimous support to regulate PBMs and their affiliated contract pharmacies, it is inconsistent and counterproductive to advance legislation that would further entrench these same entities in the 340B program without meaningful guardrails.

Thank you for your continued leadership and for considering these critical amendments to AB 1460. Please see the attached suggested amendment language.

Sincerely,



Liz Helms
Founder/Director
Chronic Care Policy Alliance

² Senate HELP Committee Majority Staff Report on the 340B Drug Pricing Program,
https://www.help.senate.gov/imo/media/doc/final_340b_majority_staff_reportpdf.pdf