LOGO AND ADDRESS

June XX, 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:

My organization has concerns with AB 1460 as currently drafted. We respectfully support amendments submitted by the Chronic Care Policy Alliance. The federal 340B Drug Pricing Program is a critical program, but has moved from its original purpose. We’d like to encourage the use of controls on the program to protect the patients’ interests. 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 amendment ensures 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.

INSERT PARAGRAPH ABOUT YOUR ORGANIZATION

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.

Without 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 common sense 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.

Thank you for your consideration of these critical amendments to AB 1460.

Sincerely,

Name

Title

Organization