



May 9, 2025

Dear Texas Legislator,

We are writing to express our concerns regarding HB 3265, which seeks to expand the 340B Drug Pricing Program without first addressing its well-documented failures. While we share the goal of improving access to affordable healthcare, expanding a broken system without meaningful reforms will only increase costs, reduce oversight, and fail the vulnerable patients 340B was meant to serve.

The 340B Drug Pricing Program was created to help low-income and uninsured patients afford essential medications by requiring pharmaceutical manufacturers to offer discounts to eligible healthcare entities. However, instead of benefiting Texas patients, large hospital systems and for-profit contract pharmacies have manipulated the program to generate billions in profits—without accountability or transparency.

[In Texas](#), 154 hospitals participate in the 340B program, with 3,654 contract pharmacy agreements nationwide. Yet only 26% of these contract chain pharmacies are located in medically underserved areas. Additionally, only 7% of Texas 340B hospitals provide charity care above the national average, despite receiving deep drug discounts and taxpayer-funded incentives.

Instead of returning 340B to its original mission, HB 3265 would expand an inefficient, profit-driven system that is already failing Texas patients:

- **Higher Healthcare Costs for Texas Businesses, Families & Taxpayers:** [Studies have found](#) that patients at 340B-covered hospitals pay significantly more for prescriptions than at non-340B providers. These inflated costs [drive up insurance premiums](#) for Texas families, small businesses, and state Medicaid programs—while large hospital systems reap the financial benefits.

- **Threatening Texas' Rural & Independent Healthcare Providers:** While 340B hospitals and contract pharmacies continue to consolidate in [wealthier, urban areas](#), Texas' rural hospitals and independent providers are being left behind. Expansion would further [incentivize hospital consolidation](#), [forcing out smaller, community-based providers](#) that are critical to Texas' rural healthcare network.
- **Lack of Transparency:** 340B hospitals face no requirement to demonstrate how program savings are used to help low-income and uninsured patients. Instead, large hospital systems and for-profit, chain pharmacies [pocket the difference](#), with [no obligation to reinvest in patient care or rural health services](#).

These concerns were underscored in a [new report released by the U.S. Senate HELP Committee](#), which confirmed that large hospital systems are generating massive 340B profits, often in urban areas, while providing little direct benefit to low-income patients. The report also detailed how rising fees from contract pharmacies are diverting resources away from patient care, further highlighting the urgent need for reforms to bring transparency and accountability to the program. To address these failures, the report has called for federal reforms to require hospitals to publicly report how they use 340B dollars, ensure discounts directly benefit patients, and strengthen oversight of contract pharmacies to stop abuse of the program.

We urge you to prioritize transparency, accountability, and fiscal responsibility by ensuring that 340B savings directly benefit patients. We appreciate your leadership to improve healthcare access and affordability, and welcome the opportunity to work with you on solutions that uphold fiscal responsibility and ensure healthcare dollars are spent where they are needed most.

Sincerely,

AiArthritis
 Biomarker Collaborative
 Coalition of Hematology and Oncology Practices (CHOP)
 Coalition of Texans with Disabilities
 Dia de la Mujer Latina
 Exon20 Group
 Fundación Latinoamericana de Acción Social, Inc. (FLAS, Inc.)
 H.E.A.L.S. of the South
 Hispanic Business Alliance
 Infusion Access Foundation
 International Cancer Advocacy Network (ICAN)
 Lupus and Allied Diseases Association, Inc.
 Lupus Foundation of America – Texas Gulf Coast
 MET Crusaders
 Neuropathy Action Foundation
 PDL1 Amplifieds
 Rio Grande Valley Diabetes Association
 Suraksha
 Texas Association of Manufacturers
 Texas Conservative Coalition Research Institute
 Texas Healthcare and Bioscience Institute
 Texas LULAC
 Texas Rural Health Association
 TexHealth Central Texas
 Valley AIDS Council
 Westbrook Clinic