



March 20, 2025

The Honorable Mia Bonta  
Chair, Assembly Health Committee  
1020 N Street, Room 390  
Sacramento, CA 95814

**SUBJECT: AB 1460 (Rogers) – SUPPORT**

Dear Assemblymember Bonta:

Amid mounting challenges and increasingly sparse financial support, California’s hospitals continue to care for the state’s most vulnerable populations, who often have nowhere else to turn to for help. One of the most prominent tools in fulfilling this goal for nonprofit hospitals is the federal 340B Drug Pricing Program, which enables qualified providers serving a high level of low-income patients to purchase prescription drugs at a reduced price. As required by federal law, that generated savings is used by 340B participating providers — also known as covered entities — to reinvest in a variety of initiatives benefiting the communities they serve. For California hospitals, this includes — but is not limited to — programs for free health screenings in community settings, various financial aid and assistance efforts — including free medications for uninsured individuals — and supporting post-hospital care for unhoused patients. Hospitals and other covered entities participating in the 340B program are also subject to significant reporting and rigorous federal oversight. This is to ensure ongoing program integrity and to meet the congressional objective in stretching limited resources to benefit underserved and rural populations.

Despite the program’s undoubted success and the lack of any cost to federal taxpayers, persistent efforts by drug manufacturers to unlawfully restrict access to 340B pricing continue to significantly threaten not only the 340B program’s viability, but also the underlying missions of safety-net providers. Perhaps most prominent are manufacturers’ increasing attempts to withhold discounts to which covered entities are entitled when drugs are dispensed through community and specialty pharmacies that contract with 340B hospitals (as opposed to “in-house” pharmacies, which not all can employ as a practical matter).

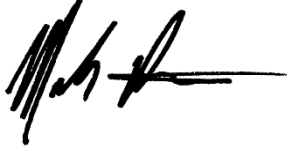
**As such, the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, including approximately 173 nonprofit hospitals participating in the 340B program, supports Assembly Bill (AB) 1460. This bill would prohibit drug manufacturers from engaging in discriminatory practices that prevent or interfere with a covered entity’s ability to purchase or deliver 340B discounted drugs through contract pharmacies.**

This codified state law protection, alongside what we hope will spur meaningful and lasting enforcement from relevant state regulators, will go a long way toward curbing the increasingly prevalent

discriminatory tactics employed by manufacturers against covered entities. Without a currently viable fix in the federal sphere, it is imperative that the state acts to protect and preserve the full scope and promise of the 340B program for all California residents and covered entities, as other states have successfully done with recent legislation in this space.

For these reasons, **CHA supports AB 1460 and strongly asks for your “YES” vote.**

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Farouk', with a long horizontal flourish extending to the right.

Mark Farouk  
Vice President, State Advocacy

cc: The Honorable Rhodesia Ransom  
The Honorable Members of the Assembly Health Committee  
Eliza Brooks, Associate Consultant, Assembly Health Committee  
Justin Boman, Consultant, Assembly Republican Caucus