



HR0158

LRB104 12436 ECR 22753 r

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HOUSE RESOLUTION

2 WHEREAS, The original intent of the 340B Drug Pricing
3 Program was to provide discounted medicines to eligible
4 healthcare organizations for the purpose of improving access
5 to affordable medications for low-income, underinsured, and
6 uninsured patients being treated at eligible hospitals,
7 including disproportionate share hospitals, clinics, federally
8 qualified health centers (FQHC), and safety-net hospitals; and

9 WHEREAS, The 340B Program, established in 1992, was
10 designed to restore manufacturers' ability to offer discounts
11 to safety net entities, fixing an unintended problem created
12 by the Medicaid Drug Rebate Program (MDRP) enacted in 1990;
13 and

14 WHEREAS, Congress intended the 340B Program to provide
15 discounts only to federally-funded clinics and public
16 hospitals that provide direct clinical care to large numbers
17 of uninsured Americans; and

18 WHEREAS, The lack of transparency and accountability of
19 the 340B Program has resulted in the expansion of services to
20 commercially insured patient populations who are charged full
21 price for drugs purchased at steeply discounted 340B prices,
22 resulting in the intended benefit to not reach the vulnerable

1 patient populations that the program was designed to help; and

2 WHEREAS, As the 340B Program is not serving vulnerable
3 patients in the way that was intended, there is a need for
4 increased understanding regarding how covered entities utilize
5 the 340B Program and the eventual benefits that reach
6 low-income patients; and

7 WHEREAS, Nationally, the 340B Program reached \$66.3
8 billion in 2023, representing a 24% increase over the
9 preceding year; and

10 WHEREAS, While 340B profits have increased, Illinois
11 hospitals only provide 2.14% of charity care compared to the
12 national average of 2.28%; and

13 WHEREAS, The appropriate and effective use of the 340B
14 Program is essential for improving health outcomes,
15 particularly for underserved communities in rural, suburban,
16 and urban areas throughout Illinois; and

17 WHEREAS, Pharmacy benefit managers (PBM) play a
18 significant role in the healthcare ecosystem, and their
19 practices regarding 340B revenue must be transparent and
20 accountable; and

1 WHEREAS, Half of the 340B contract pharmacies intended to
2 serve underserved patients in Illinois are located in affluent
3 neighborhoods; and

4 WHEREAS, Of the top five Illinois hospitals with the most
5 contract pharmacies, 24% of their 340B contract pharmacies are
6 based outside of Illinois; and

7 WHEREAS, The integrity and efficacy of state health
8 programs, such as Medicaid and the State Employees Group
9 Insurance Program, could be impacted by the lack of
10 transparency of the 340B Program and current practices; and

11 WHEREAS, The North Carolina Treasurer's report on the 340B
12 Program found that individual 340B hospitals collected as much
13 as \$6,026 in average profits per claim by charging up to 12.7
14 times their 340B acquisition costs for oncology drugs when
15 treating North Carolina state employees with outpatient
16 oncology infusion drugs; and

17 WHEREAS, That same report stated, based on its findings,
18 at the very least, policymakers should consider strengthening
19 public oversight of the 340B Program by introducing
20 transparency requirements and bolstering accountability for
21 the charitable mission of hospitals; and

1 WHEREAS, The report also stated, based on its findings,
2 ultimately, the 340B Program's systemic lack of accountability
3 has hurt those 340B hospitals and other safety-net providers
4 that operate in good faith to provide lifesaving care to
5 disadvantaged patients; and

6 WHEREAS, Ensuring the transparency and accountability of
7 the 340B Program is important to understanding the potential
8 long-term costs to taxpayers, including self-insured
9 employers, because of its impact on incentivizing increasing
10 provider consolidation, distorting incentives for efficient
11 care, and impacting overall utilization; and

12 WHEREAS, Increasing the transparency and accountability
13 within the 340B Program can foster better health outcomes for
14 our most vulnerable patients and ensure taxpayer funding is
15 utilized responsibly and effectively; and

16 WHEREAS, Improving the transparency and accountability
17 within the 340B Program will ensure those 340B hospitals
18 providing needed support to our most vulnerable patients will
19 continue to access discounted medicines, and that any benefit
20 stays with vulnerable patient populations and not with large,
21 wealthy hospital systems and PBM contracted pharmacies;
22 therefore, be it

1 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE ONE
2 HUNDRED FOURTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
3 we direct the Auditor General to conduct a comprehensive
4 investigation of the utilization of the 340B Drug Pricing
5 Program by covered entities within Illinois; and be it further

6 RESOLVED, That this investigation shall assess the amount
7 of 340B profit, defined as total patient and payer
8 reimbursement less the total 340B acquisition cost, generated
9 by 340B covered entities from both self-administered and
10 physician-administered drugs, the amount spent on third party
11 administrators for the management of the 340B Program, the
12 amount going to pharmacy benefit managers (PBM) in contract
13 pharmacy arrangements, the amount going to contract
14 pharmacies, whether covered entities maintain title to 340B
15 drugs in contract pharmacy locations, the average mark-up
16 imposed by covered entities on 340B priced drugs, and the
17 extent to which 340B entities pass 340B discounts to
18 vulnerable patients at the point of sale for both in-house and
19 contracted pharmacies; and be it further

20 RESOLVED, That this investigation shall also examine the
21 impact of these practices on state health programs, such as
22 Medicaid and the State Employees Group Insurance Program, and
23 to make recommendations for improvement; and be it further

1 RESOLVED, That suitable copies of this resolution be
2 delivered to the Illinois Auditor General Frank J. Mautino,
3 Governor JB Pritzker, Secretary Dulce M. Quintero of the
4 Illinois Department of Human Services, Director Kelly
5 Cunningham of State Medicaid and CHIP, and the respective
6 directors of each of the State Employees Group Health
7 Insurance Program plans to emphasize the State's commitment to
8 improving the transparency of the 340B Program and ensuring
9 that it effectively and efficiently serves the healthcare
10 needs of all Illinoisans.