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July 31, 2025

The Honorable Peter Welch  
U.S. Senate  
115 Russell Senate Office Building  
Washington, DC 20510

The Honorable Doris Matsui  
U.S. House of Representatives  
2206 Rayburn House Office Building  
Washington, DC 20515

Dear Senator Welch and Representative Matsui:

On behalf of the Association of American Medical Colleges (AAMC),<sup>1</sup> I write in support of the 340B Pharmaceutical Access to Invest in Essential, Needed Treatments & Support (340B PATIENTS) Act ([H.R. 4581](#), [S. 2372](#)). Given the profound financial and logistical challenges facing teaching hospitals, the 340B Drug Pricing Program is an important tool to support our members as they provide much needed services for low-income and underserved patients. This legislation would further preserve and strengthen the 340B program by clarifying covered entities' ability to partner with contract pharmacies to distribute covered outpatient drugs to patients.

For over three decades, the 340B program has played a critical role in supporting our nation's health care safety net, enabling providers to care for low-income and historically underserved patients and communities. The program allows safety-net hospitals, many of which are teaching hospitals, to purchase covered outpatient drugs at a discount from manufacturers, and thus, stretch scarce financial resources and maintain, improve, and expand access to care. Simply stated, the 340B program helps hospitals care for low-income patients. The program is especially important to AAMC-member health systems and teaching hospitals, which care for many of the nation's most clinically and socially complex patients. Although AAMC members comprise just

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<sup>1</sup> The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, clinical care, biomedical research, and community collaborations. Its members are all 160 U.S. medical schools accredited by the Liaison Committee on Medical Education; 13 Canadian medical schools accredited by the Committee on Accreditation of Canadian Medical Schools; nearly 500 academic health systems and teaching hospitals, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America's medical schools, academic health systems and teaching hospitals, and the millions of individuals across academic medicine, including more than 210,000 full-time faculty members, 99,000 medical students, 162,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Through the Alliance of Academic Health Centers International, AAMC membership reaches more than 60 international academic health centers throughout five regional offices across the globe.

5 percent of all short-term, non-federal hospitals nationwide, they account for 29% of all Medicaid inpatient days and 33% of hospital charity care costs.<sup>2</sup> AAMC-member 340B hospitals use their savings to ensure access to care by financing uncompensated care, providing free or discounted medications, and investing in community health programs, all at no cost to the taxpayer. Amidst the significant financial challenges facing the health care system over the next decade, the 340B program is more critical than ever to supporting safety-net providers and preserving access to care for all patients.

To advance the mission of the 340B program, the Health Resources and Services Administration (HRSA) allows covered entities to contract with community and specialty pharmacies (also known as “contract pharmacies”) to dispense drugs on their behalf to their eligible patients. Considering that AAMC-member health systems and teaching hospitals often serve patients from across the country and serve expansive catchment areas, it is often logistically infeasible to require patients to travel to the teaching hospital’s in-house pharmacy to receive their medicines, creating a legitimate need for the use of contract pharmacies. Moreover, contract pharmacies allow patients to fill prescriptions at a location that is most convenient to them, helping to address the logistical and transportation barriers that can undermine medication adherence. For these reasons, it is critical that AAMC-member health systems and teaching hospitals can continue to partner with contract pharmacies to bring prescriptions to their patients.

Since 2020, a growing number of drug companies have imposed restrictions on covered entities’ use of contract pharmacies. These restrictions pose a serious threat to the 340B program, prioritizing the pharmaceutical industry’s profits at the expense of safety-net providers and the patients and communities they serve. Pharmaceutical manufacturers restrictions on contract pharmacy arrangements have taken a toll on the health care safety net, with disproportionate share (DSH) hospitals reporting annualized losses of nearly \$3 million, according to a recent survey conducted by the American Hospital Association.<sup>3</sup> The mounting financial losses stemming from these restrictions and other cuts to the health care safety net with further exacerbate the pressures facing teaching hospitals, undermining their ability to provide high-quality care. Absent congressional action, manufacturer-imposed restrictions will continue to imperil our members’ ability to care for low-income patients and communities.

The 340B PATIENTS Act would address these abuses and restore covered entities’ ability to use contract pharmacies to distribute 340B-acquired drugs to patients. This critical legislation would amend the 340B statute to prohibit manufacturers from imposing limits or conditions on the ability of a covered entity to purchase and dispense 340B drugs, including through the use of contract pharmacy arrangements. The bill would authorize civil monetary penalties on manufacturers found to violate these requirements. The 340B PATIENTS Act would safeguard

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<sup>2</sup> AAMC analysis of AHA Annual Survey Database FY2023 and NIH Extramural Research Award data.

<sup>3</sup> <https://www.aha.org/system/files/media/file/2022/11/survey-brief-drug-companies-reduce-patients-access-to-care-by-limiting-340b-community-pharmacies.pdf>

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the 340B program, ensuring that it can continue to benefit safety-net providers, patients, and communities long into the future.

We thank you for introducing this important legislation to protect 340B providers and the patients and communities they serve. This issue is of critical importance to our members, and we want to be proactive in protecting the program. If you have any questions, please reach out to me at [dturnipseed@aamc.org](mailto:dturnipseed@aamc.org) or my colleagues, Len Marquez ([lm Marquez@aamc.org](mailto:lm Marquez@aamc.org)), Senior Director, Government Relations and Legislative Advocacy, and Sinead Hunt ([sihunt@aamc.org](mailto:sihunt@aamc.org)), Senior Legislative Analyst.

Sincerely,

A handwritten signature in black ink that reads "Danielle P. Turnipseed". The signature is fluid and cursive, with the first name "Danielle" and last name "Turnipseed" clearly legible.

Danielle Turnipseed, JD, MHSA, MPP  
Chief Public Policy Officer  
Association of American Medical Colleges

CC: David J. Skorton, MD  
President and Chief Executive Officer  
Association of American Medical Colleges