



**March 17, 2025**

To Chair Paul Bailey and members of the Senate Commerce and Labor Committee:

Consumer Action for a Strong Economy (CASE) writes today to represent the interests of millions of American consumers before your committee to express our strongest opposition to [Tennessee Senate Bill 1414](#). This legislative proposal would require that pharmaceutical manufacturers provide 340B-priced drugs to all contract pharmacies, further expanding a flawed program without fixing its underlying issues.

The 340B program was originally intended to help low-income communities access affordable medications. However, pharmacy benefit managers (PBMs) and large hospital systems have exploited the program, reaping billions in profits while patients see little to no benefit. Today, [more than half](#) of 340B contract pharmacies are vertically integrated with PBMs, which, as the [FTC has documented](#), manipulate drug pricing for their own gain. Moreover, independent pharmacies, which play a vital role in providing medications to underserved communities, the very population 340B was intended to serve, will be put at greater risk, further limiting access to affordable healthcare for those who need it most.

Tennessee's SB 1414 would exacerbate these problems while imposing staggering costs. In 2023 alone, Tennessee employers faced [\\$123 million in increased costs](#) due to 340B pricing distortions, while state and local government plans paid an additional \$18 million. If SB 1414 passes, these costs will climb even higher, with employers shouldering an extra [\\$25.2 million](#) and government plans paying an additional [\\$3.7 million](#). Expanding this wasteful program with unchecked mandates will introduce extreme financial burden to consumers by raising their insurance premiums and out-of-pocket costs, all while benefiting the largest PBMs.

Beyond its economic impact, SB 1414 oversteps federal law. The 340B program is a federally regulated initiative, and states lack the authority to expand its scope. Courts have already ruled that manufacturers cannot be forced to supply discounted drugs to an unlimited number of contract pharmacies, making this legislation legally questionable and vulnerable to costly legal challenges.

Ultimately, this legislation prioritizes large hospital conglomerates and PBMs over patients, fueling fraud and abuse while saddling consumers with higher healthcare costs. CASE urges the Tennessee legislature to reject SB 1414 and stop the expansion of this wasteful program.

Sincerely,

**Consumer Action for a Strong Economy (CASE)**

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