



**February 24, 2025**

To Chair Christine Chandler, Vice Chair Andrea Romero, Ranking Member Andrea Reeb, and members of the House Judiciary 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 [New Mexico House Bill 78](#). This proposal would mandate that pharmaceutical manufacturers distribute 340B-priced medications to all contract pharmacies, expanding an already problematic program without addressing its fundamental flaws.

Originally designed to help low-income communities access affordable medications and treatments, the 340B program has been exploited by large hospitals and pharmacy benefit managers (PBMs) for profit, often at the expense of patients. [Over half](#) of 340B contract pharmacies are vertically integrated with PBMs, which the FTC [has reported](#) manipulate drug pricing to their advantage.

Expanding the program through HB 78 would only worsen these issues and benefit the largest pharmacy benefit managers (PBMs). Over 50 percent of 340B contract pharmacies are already associated with PBMs through vertical integration. These middlemen are notorious for manipulating drug pricing to maximize profits at consumers' expense. Independent pharmacies, which are crucial for underserved communities, will be further squeezed out, reducing patient access to affordable care.

Additionally, the 340B program is a federal initiative to be solely governed by federal law. States lack the authority to make changes to the program such as those being considered by HB 78. Similar legislation has faced legal challenges in other states and some courts have already found that manufacturers are not required under existing federal law to supply discounted drugs to an unlimited number of contract pharmacies. This further highlights the flaws within HB 78.

Ultimately, this legislation will expand a deeply flawed program that benefits corporate interests over patients. While well-intended in theory, this bill will allow for further fraud and abuse while enriching hospitals and PBMs at taxpayers' expense. CASE urges the New Mexico legislature to reject HB 78 and stop the expansion of this broken system.

Sincerely,

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

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