



September 23, 2025

Dear Members of the Michigan House Health Policy Committee:

On behalf of Consumer Action for a Strong Economy (CASE), a leading voice for pro-growth, free-market policies that support American consumers, I am writing to express our deep concerns with [Michigan House Bill 4878](#). While the 340B program was originally intended to help provide discounted prescriptions to low-income, underserved patients, it has strayed far from that mission.

HB 4878 would push the program even further off course by layering on new reporting mandates for manufacturers, creating a framework that could hide critical information about who the 340B program is benefiting from the public view, and blurring restrictions on how hospitals can use 340B savings, with no guarantee that patients or taxpayers will see any benefit. Rather than helping patients in need, these changes would expand a fraud-filled program that drives up costs for consumers and enriches healthcare middlemen like pharmacy benefit managers (PBMs).

Weak regulatory oversight has made the 340B program increasingly costly and wasteful. Large healthcare conglomerates, like insurer-PBM middlemen, exploit discounts meant for patients by inflating drug prices by as much as [72%](#), with no requirement to pass savings on to patients. [More than half](#) of 340B contract pharmacies are already vertically integrated with PBMs, which the [FTC has investigated](#) for manipulating drug pricing at consumers' expense. This consolidation limits options in underserved communities by driving crucial independent pharmacies out of business, further reducing patient access and eroding the program's original intent.

Since 2010, 340B contract pharmacy arrangements with healthcare conglomerates have [skyrocketed by more than 12,000%](#). Additionally, large hospital systems have manipulated the program, charging insurers and programs like Medicare higher prices on discounted drugs, further diverting savings away from consumers. Instead of helping vulnerable patients as Congress intended, the program's revenue now fuels the bottom lines of PBMs and hospitals.

Ultimately, this legislation would expand a deeply flawed program that puts corporate interests ahead of patients. This bill would open the door to further fraud and abuse, enriching hospitals and PBMs at consumers' expense. CASE urges Michigan lawmakers to oppose legislation expanding this broken system.

Sincerely,

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