



February 10, 2025

The Honorable Scott Louser  
1718 Birch Place SW  
Minot, North Dakota 58701-7097

Dear Chairman Louser and members of the Industry, Business, and Labor Committee:

As a membership organization representing small businesses and employers nationwide, we fight for jobs, growth, and freedom while opposing burdensome regulations. Like you, we are concerned about government and corporate cronyism that threatens our economic future.

We urge you to oppose House Bill 1473, which expands the 340B drug program—benefiting corporate health systems, major chain pharmacies, and pharmacy benefit managers (PBMs) at the expense of North Dakota’s employers and workers. The [latest reports](#) show **340B costs North Dakota small businesses \$54 million, and taxpayers are on the hook for another \$10 million.**

340B is no longer the program Congress created in 1992 to assist low-income patients and safety-net providers. Today, large health systems exploit it, buying medications at steep discounts and reselling them at higher prices—pocketing profits instead of passing savings to patients. The program lacks oversight, and there are no requirements to ensure proceeds help low-income or uninsured patients. This is the exact reason the U.S. Senate Committee on Health, Education, Labor & Pensions is [investigating](#) its abuses.

Expanding 340B worsens rising health care costs. The average profit margin on 340B medicines commonly dispensed through contract pharmacies – like those named in House Bill 1473 – is an estimated [72 percent](#), compared with just 22 percent for non-340B medicines dispensed through independent pharmacies, generating \$13 billion in gross profits in 2018.

Just next door, Minnesota Governor Tim Walz signed nearly identical legislation last year—guaranteeing massive pharmacy chains’ access to 340B discounts. Months later, a [state report](#) revealed that 340B cost taxpayers \$87 million while chain pharmacies and PBM middlemen pocketed \$120 million in profits. North Dakota should not be following in Governor Walz’s footsteps.

With \$66 billion in discounted drugs flowing through 340B annually, much of the intended aid never reaches low-income families. Taxpayer watchdogs, like the [Government Accountability Office](#) and the [Office of the Inspector General](#), have flagged 340B for needed reforms. Instead of fixing these problems, House Bill 1473 would codify abusive practices, shifting more power to large health care systems at employers’ and taxpayers’ expense.

We urge you to oppose this misguided bill. Thank you for the opportunity to comment on this legislation. Please contact me if you need further information.

Sincerely,

A handwritten signature in blue ink that reads "Gentry Collins".

Gentry Collins  
CEO  
American Free Enterprise Chamber of Commerce