



PHPC

Public Hospital Pharmacy Coalition

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(A Coalition of the National Association of Public Hospitals and Health Systems)

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Safety Net Hospitals Urge Improved Oversight of Drug Discount Program *Congressional Hearing Examines Government's Administration of the 340B Program*

[Washington, DC] – The Public Hospital Pharmacy Coalition (PHPC), an organization of more than 330 hospitals that participate in the Public Health Service 340B drug discount program, raised serious concerns today over the government's oversight of the drug discount program and urged the Administration and Congress to take steps to improve program administration. PHPC's recommendations were offered during Congress's first-ever hearing on 340B, convened by the House Energy and Commerce Subcommittee on Oversight and Investigations.

Enacted in 1992, the 340B program requires pharmaceutical manufacturers that choose to participate in Medicaid to sell outpatient drugs at discounted prices to thousands of taxpayer-supported health care facilities that have a mission to provide care to the uninsured and low-income populations. In October, the Department of Health and Human Services (HHS) Office of Inspector General (OIG) released a report that identified significant problems with the government's administration of the program, including the absence of accurate pricing data, limitations on the government's ability to enforce the program's guidelines, and the secrecy of manufacturer pricing information.

In his testimony, PHPC General Counsel William von Oehsen praised the OIG for issuing the report and discussed the importance of the 340B program to participating entities, many of which face serious financial risk as they continue to provide care to the indigent and uninsured.

"Access to discounts on outpatient drugs under the 340B program is vital to the ability of these facilities to provide comprehensive pharmacy services to low-income patients and other vulnerable populations," von Oehsen said. "It is critical that hospitals and other health facilities participating in the 340B program receive the full discount to which they are entitled under federal law."

Von Oehsen also suggested additional steps that the government could take to ensure that 340B facilities are not overcharged for their drugs. In particular, he called for stronger enforcement of the 340B pricing agreements between manufacturers and the government, the development of a clear and enforceable procedure for refunding 340B facilities in cases of overcharges, federal assistance in giving providers access to 340B discounts on drugs in short supply (e.g. IVIG), and the establishment of an effective grievance system to resolve disputes between 340B facilities and manufacturers.

Also testifying at the hearing were representatives from HHS, drug manufacturer GlaxoSmithKline, and the 340B Prime Vendor Program.

"The 340B program is a lifeline for thousands of facilities that treat our nation's most vulnerable citizens," said PHPC Executive Director Ted Slafsky. "We commend Congress for focusing on this program and call for immediate action to ensure that safety net providers receive the correct prices on pharmaceuticals."



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