



COMMITTEE ON
ENERGY & COMMERCE
DEMOCRATS
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Pallone Stresses Importance of 340B Drug Pricing Program

Washington, D.C. – *Energy and Commerce Ranking Member Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at an Oversight and Investigations Subcommittee hearing titled, “Examining HRSA’s Oversight of the 340B Drug Pricing Program.”*

Thank you, Mr. Chairman. Twenty-five years ago, Congress passed bipartisan legislation establishing the 340B program. Since its inception, the 340B Program has played a critical role in ensuring that low-income and vulnerable individuals have access to affordable health care.

The 340B program provides discounts on outpatient drugs that have allowed safety net providers to be able to expand access to essential health care services for vulnerable patients. This program has been vital for safety net providers like community health centers, inner city and rural hospitals, HIV clinics and Hemophilia treatment centers. The 340B Program has made the difference between patients getting the lifesaving health care services and drugs they need, or going without.

Congress created this program with the intention of helping covered entities expand their capacity to serve their patients. By purchasing drugs at a discounted rate, 340B providers are able to stretch scarce resources to provide more comprehensive health services.

Resources provided through the 340B Program directly augment patient care throughout the country. It continues to support the mission of safety net providers that serve low-income, uninsured, and underinsured patients.

The 340B Program is a critically important health care program, and the Health Resources and Service Administration (HRSA) should have the authority it needs to strengthen the integrity of the program. GAO and OIG have identified weaknesses in the oversight of the program, which can have negative consequences for both the participating providers and drug manufacturers. HRSA should appropriately improve program integrity while protecting

the mission of the 340B program, and be given the necessary resources to oversee the program.

Last Congress, this Committee worked on a bipartisan basis to try to address the concerns from stakeholders on all sides of this issue in a balanced and measured fashion. Our goal was to strengthen and support the mission of 340B to provide health services to those most in need.

Unfortunately, we were not successful. But I continue to believe, and I think we can all agree here today, that the mission of this program is sound, and a continued emphasis on program integrity will make the 340B program stronger now and in the coming years.

I want to be clear, however, that while I am always happy to have a conversation about strengthening the 340B program, it would be disingenuous for anyone on this Committee to say that this hearing today is in anyway a hearing on rising drug prices. The 340B program is not the problem—or the solution—to rising drug prices.

And that is why I am so concerned about the Trump Administration's recently proposed rule containing a provision that would slash reimbursements on Medicare Part B drugs to 340B hospitals under the guise that doing so would somehow address the rising cost of prescription drugs.

When Health and Human Services Secretary Price announced the proposed rule change, he claimed that this rule will somehow make drugs more affordable. I want to be clear: This rule would have zero impact on the actual price of prescription drugs, and would decimate the support that 340B hospitals rely on to serve needy patients. This proposal is nothing more than a deep cut to many of the hospitals that serve as the bedrock of our safety net.

Committee Democrats have repeatedly asked that this Committee begin to have a real conversation about drug prices. This is not it. And, again I urge the Chairman to hold a hearing on drug pricing so we can hear from all the stakeholders involved, and so we can begin to develop real solutions that will begin to drive down the costs of prescription drugs.

Until then, I remain dedicated to finding ways to strengthen the 340B Program and ensure that it continues to fulfill its essential mission. I am grateful to our witnesses for being here today to talk about some of the challenges the program faces, as well as its successes and the important role it continues to play.

Thank you, and I yield back.

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