COMMITTEE ON
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NEWS

FOR IMMEDIATE RELEASE
July 11, 2018

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Pallone Remarks at 340B Drug Pricing Program Hearing

"Today's hearing is counter to the purpose of why we hold legislative hearings at all."

Washington, D.C. – *Energy and Commerce Ranking Member Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at a Subcommittee on Health hearing on "Opportunities to Improve the 340B Drug Pricing Program:"*

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

Congress created this program with the intention of helping health care providers expand their capacity to serve low-income, uninsured, and underinsured patients in their communities. By purchasing drugs at a discounted rate, 340B providers can stretch resources to provide more comprehensive health services. After all, many of these drugs have experienced dramatic price increases over the years. I commend the work that our hospitals, Community Health Centers, and all our safety net providers do—and make no mistake about it—they do a lot.

What I do not support is the process for this hearing. It is not thoughtful, it is not bipartisan, and it is not productive. Having one hearing for a 65-page GAO study, and 14 bills—many that are drafts that were given to us just days ago—is absurd. We should be working closely with each other and with stakeholders on such an important issue.

First of all, the GAO study should have a hearing on its own. Second, we should have had actual witnesses—who are part of the 340B program or who run the program—that can give their expert opinions on the consequences and effects of these policies. Today's hearing is counter to the purpose of why we hold legislative hearings at all. Democrats are clearly interested in working to strengthen the 340B program but this is certainly not the approach I would take to find bipartisan consensus.

In the past, I've worked in a bipartisan fashion to try to address the concerns from stakeholders on all sides of this issue in a balanced and measured fashion to strengthen and support the

mission of 340B. But it is simply too difficult to be appropriately substantive with this many items before us on so short a time frame.

That said let me comment briefly on some of the legislation. I want to commend Rep. Matsui for her leadership on H.R. 6071, the SERV Communities Act. This bill would ensure balanced oversight of both 340B covered entities and manufacturers. It would also ensure that HRSA implements the regulations they were required to issue eight years ago, and includes many other provisions that would strengthen the program.

There are also bills that would enhance 340B operations, and give HRSA more resources and authority to operate the program. and collect covered entity and manufacturer information. This is an example of an important area where we could have a realistic conversation about strengthening the 340B program – had this process looked a little different.

As the investigation of our Oversight and Investigations Subcommittee found, the 340B program is working as intended. Savings on the cost of outpatient prescription drugs makes it possible for these providers to shift resources to services that benefit the entire community. Services such as offering primary care clinics at little to no cost, delivering medication to patients with limited transportation, and maintaining a traveling children's dental clinic. It was clear from the responses we received that 340B-providers are using their savings to serve the community, and Congress should commend and support these efforts.

Limiting the 340B program would severely undermine covered entities' ability to support this critical work. That is why I do not support legislation that would curtail or restrict this program. Legislation like H.R. 4710 that includes a two-year moratorium on new hospital enrollment in the program is unnecessary and unfounded. Or the Protecting Safety-Net 340B Hospitals Act, which would not actually protect anyone at all. Instead, this bill would lead to the termination of 573 DSH hospitals – that's 51 percent of all DSH hospitals currently enrolled in the program. I would note that these hospitals provided roughly $10.8 billion in uncompensated and unreimbursed care. If this bill ever became law nearly 75 percent of our states would see 50 percent or more of their DSH hospitals cut from the program, with five states having all their DSH hospitals cut from the program.

These types of bills are not about improving or strengthening 340B—they are about gutting the program—which I will not support. Instead, I remain dedicated to finding ways to strengthen the 340B Program and ensure that it continues to fulfill its vital mission.

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