

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of
Ranking Member Frank Pallone, Jr.**

Hearing on “Oversight of 340B Drug Pricing Program”

June 4, 2024

The 340B Drug Pricing Program is incredibly important to the ability of hospitals, community health centers, and specialized clinics to provide comprehensive, quality health care to underserved populations across the country. For more than 30 years, 340B-eligible providers have depended on the savings the program provides them to remain open, provide more care to more patients who need it, and expand the services they provide.

Drug manufacturers are required to sell discounted prescription drugs to providers that meet the 340B statutory eligibility requirements. This allows these providers to stretch scarce federal resources to reach more eligible patients or provide more comprehensive services. Without these discounts, some providers with the slimmest fiscal margins would be forced to significantly pare back the care they provide, or worse, close their doors altogether. 340B plays a critical role in preserving health care access, particularly in underserved areas.

President Biden and Congressional Democrats have championed landmark legislation that is already lowering health care costs, including prescription drug costs, for Americans. Unfortunately, we have not found willing partners on the other side of the aisle. Every Republican in Congress voted against the Inflation Reduction Act, which empowers Medicare to negotiate prescription drug prices and caps the yearly out-of-pocket drug costs for seniors.

Thanks to the Inflation Reduction Act, the Biden Administration is in the process of negotiating lower drug prices on the first ten drugs selected for negotiation. These drugs are taken by about 9 million seniors and collectively cost them out of their own pockets \$3.4 billion in 2022. Medicare also spent more than \$50 billion on these ten drugs that same year. This law is making prescription drugs more affordable for American seniors, and Democrats are working every day to protect and expand on these money-saving advancements.

This Subcommittee has held oversight hearings on 340B in the past, and I appreciate the continued attention on this vital program to make sure it is being effectively administered. We do need to ensure that covered entities are using the savings from the 340B program appropriately and that low-income patients are receiving the full benefits of these savings.

That being said, I am concerned that this hearing will not allow for a balanced discussion about 340B and its future. I’m not sure that we have all the right witnesses here to give a complete perspective on how the program is working. For example, the Republicans did not invite a single drug manufacturer here to talk about their part of the program. We will also not hear from the Health Resources and Services Administration (HRSA) about what the agency

June 4, 2024

Page 2

needs to oversee the program. Furthermore, the significant reworking of the 340B program that some of our Republican colleagues recently proposed will not reduce prescription drug costs or expand access to care.

Restricting 340B does not save taxpayer money or lower health care costs for patients. In fact, undermining 340B would severely weaken the health care safety net, creating greater obstacles for people who already struggle to receive accessible, affordable care.

When 340B-eligible providers can save money on prescription drug purchases, it helps them provide better services that are responsive to the needs of their communities. They report a variety of benefits from the program that allow them to strengthen their institutions, improve quality and affordability of care, or reach a larger patient population.

I hope we can have a real conversation today about the importance of the 340B program for the safety net providers that communities depend on and how Congress can maximize the benefits it is already delivering to communities across the country.

And with that I yield back the balance of my time.