



Safety Net Hospitals for Pharmaceutical Access

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SNHPA Statement on Senator Grassley and Representative Cassidy's Letter To Georgia Hospital Enrolled in the 340B Program

April 19, 2013—Sen. Charles Grassley (R-Iowa) and Rep. Bill Cassidy (R-La.) sent a letter yesterday to Columbus (Ga.) Regional Healthcare System inquiring about its use of savings from the 340B drug discount program.

Safety Net Hospitals for Pharmaceutical Access (SNHPA) appreciates Representative Cassidy's observation in his public statement about the letter that he recognizes 340B's value and importance. SNHPA agrees wholeheartedly with the Representative that "our common goal must be better care for those who are less fortunate."

However, the letter mischaracterizes the program's purpose. It states that "the intent and design of the program is to help lower outpatient drug prices for the uninsured." The press release further states "that hospitals appear to be making sizeable profits from the program, at the expense of Medicare, Medicaid, and private health insurance." SNHPA strongly disagrees with this characterization of the program and how it functions.

From its inception, the 340B program's purpose has been to enable safety-net health care facilities to "stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." The Department of Health and Human Services' (HHS) Health Resources and Services Administration (HRSA) and Office of Inspector General (OIG) have specifically stated that Congress intended for hospitals to charge above the 340B acquisition cost for covered outpatient drugs when hospital patients are covered under Medicare or are privately insured. Congress's own Government Accountability Office (GAO) has also confirmed that 340B covered entities can purchase 340B-discounted drugs for all patients eligible under the program regardless of their income or insurance status. The GAO further noted that use of the discount for drugs administered to insured patients gave hospitals the financial ability to serve more patients and provide additional services, consistent with the program's purpose.

The 340B program was never intended to subsidize the profits of the insurance industry nor was it intended to serve as a funding source for Medicare. We encourage lawmakers to focus their attention on needed reforms, including better oversight of the pharmaceutical industry's compliance with 340B and discriminatory practices by some pharmacy benefit managers.

The letter states that improper use of the program is increasing. SNHPA knows of no such evidence. It is also important to note that the 340B program saves money for federal, state, and

local taxpayers. This is why the Congressional Budget Office (CBO) concluded twice that expansion of the 340B program—in 2005 and 2010—generated federal savings.

Hospitals nationwide that participate in 340B have expressed to us how important their 340B savings are to fulfilling their safety-net missions. They have told us how hard it would be for them to continue providing free or reduced-cost medicines to those in need and to continue offering other vital services to their communities if their 340B savings were curtailed.

SNHPA is committed to the integrity of the 340B program and to working with Congress, our member hospitals, and others to improve the program so that, consistent with program intent, health care providers can stretch their limited resources to better serve low-income, underinsured, and uninsured individuals.

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Safety Net Hospitals for Pharmaceutical Access (SNHPA) is an association of nearly 1,000 hospitals with a mission to increase the affordability and accessibility of pharmaceutical care for the nation's poor and underserved populations. For more information about SNHPA and the 340B program, visit www.snhpa.org.