

MEMORANDUM

To: Reporters and editors
Re: Discount prescription drug program
Da: Tuesday, July 09, 2013

Sen. Chuck Grassley of Iowa is looking into how hospitals are using a discount prescription drug program, known as 340B. Certain hospitals appear to be making sizeable profits from the program at the expense of Medicare, Medicaid and private health insurance. Grassley has asked the federal agency in the charge of the program, the Health Resources and Services Administration, about its oversight of the program and corresponded with several individual hospitals. He made the following comment on a new report responding to criticism of program uses.

“A report by an association representing the affected hospitals is not objective. Through my inquiries, I’ve been able to document that several hospitals are profiting from the 340B program rather than simply providing discounted drugs to the uninsured. Instead of using the deeply discounted drugs these hospitals receive for the most vulnerable in need, the hospitals are up-selling those drugs to patients with Medicare and private insurance because those patients can pay more. The hospitals are keeping the difference. Even if the 340B program allows this kind of upselling, that doesn’t make it right. It also isn’t right that we don’t know how hospitals are reinvesting 340B revenue. Nothing that I know of requires 340B hospitals to report how they use program savings and revenue. They could use the money for uninsured patients or they could use the money toward building a new wing. Without verification and oversight by HRSA, it’s impossible to know how each hospital uses the program. Each hospital should provide public documentation of how it uses program proceeds. Then the public would be able to evaluate claims of how hospitals use the money.”