

Today's hearing is an opportunity to examine the 340B drug pricing program.

I will start by saying this is a personal hearing for me because this topic is something I made a promise to my dear friend and fellow Virginia member, Don McEachin, that I would do before he passed away.

He called me regarding a 340B report relating to his district before the election and a couple of weeks before his unexpected death and said, "If you are chairman of Oversight and Investigations on Energy and Commerce, I need your help on 340B." I promised him I would help.

So, I am glad we are doing this hearing and fulfilling that promise.

The 340B program was established by Congress to allow certain covered entities that provide care to a large number of underserved patients to purchase drugs at significant discounts from manufacturers.

In theory, the savings these covered entities yield from receiving the discounted drug is meant to be passed along to patients and to be reinvested into that community to help provide additional care or resources.

But, it is not mandated to disclose where these dollars go and how much they made from this program. It is mostly a black box as to what happens with these dollars.

When the Affordable Care Act was signed into law in 2010, the program rapidly expanded by allowing more entities to receive the discounted 340B price for drugs.

The number of covered entities participating in the 340B program has increased from 8,000 in 2000 to more than 50,000 in 2020.

Today, the 340B program accounts for almost \$54 billion in annual discounted sales. Making it the second largest federal prescription drug program.

I am a supporter of the overall 340B program.

There are many hospitals, including in my district, who are appropriately using the 340B dollars to keep their doors open and heavily rely on this program.

Yet, we see reports about entities taking advantage of the system. And that is what caused my friend, Don McEachin, to reach out.

The New York Times reported on how Bon Secours hospital system apparently used the Richmond Community Hospital, in Virginia, which serves predominately poor patients, to expand its use of 340B at the expense of Richmond Community Hospital and patients in that community.

The New York Times asserted that over the years, services at this Richmond Community Hospital were slashed and departments closed, while Bon Secours used the hospital as a piggy bank and transferred millions out of Richmond to other hospitals within the system, possibly as far away as Ohio.

This is the reverse Robin Hood. Steal from the poor to pay the rich.

One specific example in this report was Bon Secours using the Richmond Community Hospital to purchase a cancer drug for more than \$3,000 and then turning around and selling that same drug they bought under the 340B discount for more than \$25,000 to a private insurer.

That could be an almost \$22,000 in profit alone from one single vial for one patient.

When reports like the Bon Secours situation occur, it is Congress' job to step in and provide oversight into this program.

The 340B program is a lifeline for many hospitals, health clinics, community health centers, and many other health care facilities.

My district has more than 50 community health centers and 340B serves as a critical tool to help keep their doors open and to provide additional services for my constituents.

When I visit these centers and hospitals in my district, they are very open about where their 340B dollars go.

That is because my district is economically stressed, and health care providers rely on these dollars to serve their patients.

I believe creating more transparency in the program so we can see where the dollars are flowing and ensuring the program is not being taken advantage of is the first step.

This will allow Congress to understand the full picture and ensure that the patients are the ones reaping the benefits of this program.

The patient is the one who must come first in this, and they should not be caught in the crosshairs of any of the issues we will hear about today.

