

**Opening Remarks
Chair Cathy McMorris Rodgers
Oversight & Investigations Subcommittee
Hearing: “Oversight of the 340B Drug Discount Program”
June 4, 2024**

INTRODUCTION

Good morning and thank you Chair Griffith.

This hearing is an opportunity for us to evaluate recent trends and developments in the health care system that impact the 340B Drug Discount Program.

The 340B Program was created by Congress to QUOTE “enable covered entities to stretch scarce federal resources to reach more eligible patients and provide more comprehensive services.”

It's a worthy goal and a seemingly straightforward one.

For community health centers, high disproportionate share hospitals, and rural providers, savings from the 340B Program are critical.

In some cases, savings from the 340B Program are helping keep the lights on at what may be the only hospital in a rural community...

...and those cases reflect the spirit and intent of the law to ensure essential services for our most vulnerable communities.

UNCLEAR BENEFITS FOR VULNERABLE PATIENTS

With that said, I worry that the program is being co-opted by larger, more profitable health care systems that are using it solely for financial gain at the expense of the patients that who it most.

We have talked a lot in this Committee about addressing the impacts that high health care costs have on patients, employers, and taxpayers, and how we need to work to create a simpler and more transparent health care system.

Every single one of us pays for the high cost of health care, whether that's at the doctor's office, through our insurance premiums, or in taxes that cover the ever-increasing costs of Medicare and Medicaid.

Something that's become increasingly clear is that the 340B Program is distorting markets and behaviors in our health care systems that are increasing costs for all of us.

In multiple studies, researchers found that the 340B Program was associated with a nearly 25 percent reduction in the prescribing biosimilars and other lower-cost drugs in favor of more expensive brand name alternatives, so that hospitals could pursue larger savings from the program...

... even though patients' out-of-pocket costs are not tied to any of the savings that the hospital may receive.

Additionally, the New England Journal of Medicine found that the program further incentivizes hospital systems to acquire independent oncology practices, so that they can expand their 340B footprint.

Some will argue that hospitals reinvest these savings in ways consistent with the intent of the program, but there's little evidence to prove this.

This Committee has focused so much effort over the past two years on increasing transparency in health care, tackling incentives in the prescription drug market that push up health care costs for Americans, and addressing site neutrality and other reforms that are driving consolidation.

It should be a bipartisan goal for every member on this Committee to apply the same principles to the 340B Program as well.

CONCLUSION

Let me reaffirm once more that I support this program in its original intent and mission.

Last year, we heard from Pullman Regional Hospital in my district about the value that the 340B Program provides to them and other hospitals across the country.

We've also heard testimony in support of increased transparency for the program so that we can, at the very least, understand how covered entities are using this program.

If we are serious about lowering health care costs for Americans, then we must also take a critical look at the 340B Program and make sure it is achieving its intended mission.

I look forward to hearing from our witnesses today, and I yield back.