



Thomas A. Schatz
President

March 19, 2015

The Honorable Joseph Pitts
Chairman
House Energy and Commerce Subcommittee on Health
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Pitts,

On behalf of the more than 1.2 million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I am writing to express our appreciation that the Energy and Commerce Subcommittee on Health is holding a hearing on the 340B drug discount program. CCAGW has called for a hearing on the 340B program for some time and we are pleased you were able to reschedule it so quickly after it was canceled due to bad weather.

The 340B program has drifted far from its original mission of helping uninsured, indigent people get access to prescription drugs. The Department of Health and Human Services Office of Inspector General, as well as the Government Accountability Office, have uncovered many problems with the program, including a lack of oversight by the Health Resources and Services Administration, unclear regulations, and abuses of the program. For example, discounts have been provided to ineligible individuals, which means that some who should be getting the benefits of the program may not be doing so.

Senator Chuck Grassley (R-Iowa) has questioned whether the program is being used by many hospitals and pharmacies to generate millions of dollars in profit, and there have been several news reports that have raised similar issues. In addition, a cottage industry of 340B consultants and software vendors has been created just to help hospitals and pharmacies maximize their profits from the program. Ultimately, consumers and taxpayers pay for the diversion and waste of 340B funds through higher drug prices, taxes, and premiums.

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Again, thank you for holding this hearing. We hope that it will result in righting the wrongs in the 340B program so that it can once again serve its intended purpose.

Sincerely,

Thomas Schatz

cc: Energy and Commerce Committee Chairman Fred Upton