

**Opening Statement of Chairman Greg Walden
Subcommittee on Oversight and Investigations
“Examining How Covered Entities Utilize the 340B Drug Pricing
Program”
October 11, 2017**

The Committee has been examining the 340B Drug Pricing program for about two years now, and the Oversight Subcommittee has been particularly focused on it since last spring.

The 340B Drug Pricing program allows covered entities to purchase certain outpatient drugs at reduced prices, in order to allow those entities to stretch scarce federal resources as far as possible to better serve their patients.

The subcommittee held a hearing in July in which government witnesses were unable to answer many of our questions about how covered entities use the 340B program due to the lack of reporting requirements in the statute. This lack of transparency and coherent reporting requirements is concerning. Frankly, without the data, it is hard to know if this program is working as Congress intended.

Today, we will hear directly from five covered entities—all top-notch medical organizations that provide important services to their communities. They range from some of the smallest to some of the largest participants in the program.

The 340B program enables covered entities to do some real good in our communities: to extend care to underserved populations, to create programs that serve specific community needs, and to provide life-saving drugs at discounted prices to the populations that need them the most. For some entities, this program is the difference in keeping their doors open or closing shop, which could result in a loss of care to vulnerable populations.

I have met with several hospitals in rural Oregon that are using the 340B program to improve care and reduce costs for low-income patients, and heard how vital this program is to maintaining their high levels of charity care.

However, I am troubled by the response of some stakeholders and entities who see our oversight efforts as a threat to the 340B program and to their charity work. It is the job of this committee to ensure that the programs that we create serve their intended purpose and operate with integrity, and that participating entities are held accountable for how they spend program dollars.

Our goal in our oversight work is always to take a deliberate and fair look at all sides of an issue. We know that each entity provides unique services, serves a unique population, and faces unique challenges in their communities. Because of that diversity, we want to allow entities to tell their own stories and highlight the successes they've experienced through participation in this important program.

However, the lack of transparency requirements has resulted in inconsistent data and dueling reports from every side of the issue. Much of the data that we do have is self-reported by entities that measure charity care and program savings in various ways. While I believe it is important that entities be able to share their work in a way that takes into account the specific needs of their communities, the inconsistencies here only further demonstrate that we need better data on this program.

The 340B program has grown rapidly over the years. The increase in program participation has led to a dramatic increase in 340B drug purchasing and savings. According to HRSA, covered entities' drug savings grew from \$3.8 billion in fiscal year 2013 to \$6 billion in fiscal year 2015.

I am concerned that as the program continues to grow, participating entities are not investing the necessary resources and time to oversee the program, ensure accountability and transparency, and—above all—ensure that they are using program savings to improve patient care.

For example, some entities that we spoke with reported they do not have policies to help ensure that uninsured and underinsured patients directly benefit from the program by receiving discounts on outpatient drugs.

Most surprisingly, many entities did not track their 340B savings at all and, until they received our request, didn't seem to have any idea how much they saved through participation in the 340B program. On the other hand, some participating entities track their 340B savings on a regular basis and provide regular training to staff on program requirements.

With a program this large, it's essential that Congress understand how it's being used, and I hope that is what we will accomplish in this hearing.

Our goal today is to develop a better understanding of how much money different entities save through participation in the 340B program, how covered entities track their savings, and how those savings are used to improve patient care in various ways.

I want to thank each of the witnesses for appearing before us today, and I look forward to hearing more about how each of your organizations provides vital care to your communities.