

## U.S. House E&C Committee Lawmakers Spar Over 340B Program Oversight

On June 4, the U.S. House Energy & Commerce Oversight and Investigations Subcommittee held a hearing entitled "[Oversight of 340B Drug Pricing Program](#)." While most of the lawmakers said they support the 340B program, some suggested the growth of the program from 8,000 entities in the year 2000 to 50,000 in 2020 should be accompanied by additional regulations on covered entities.

"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," said subcommittee Chair Morgan Griffith (R-VA) in his opening statement, citing a 2022 *New York Times* report that alleged Bon Secours was misusing the program. Bon Secours "used the hospital as a piggy bank" while cutting services to patients, Griffith said.

Ranking Member Kathy Castor (D-FL) retorted that the program "provides real savings to millions of Americans and helps hospitals and clinics extend care to patients that need it most, and even better, it does so without using taxpayer funds... Instead, it redirects a small portion of the enormous profits of pharmaceutical companies to hospitals and clinics that primarily serve our working class and uninsured neighbors. I would have thought a drug discount program that supports patient care without any federal spending would be music to my Republican colleagues' ears, but here we are."

The committee heard testimony from Dr. Anthony DiGiorgio, a neurosurgeon with University of California San Francisco (UCSF) Health; Sue Veer, President and CEO of Carolina Health Center; Bill Smith, PhD, Senior Fellow and Director of Pioneer Life Sciences Initiative, Pioneer Institute; and Matthew Perry, President and CEO, Genesis Healthcare System. The witnesses split on whether Congress should focus on protecting 340B hospitals and other covered entities from attacks on the program from drug manufacturers and pharmacy benefit managers or look at more regulations on covered entities to curb growth of the program and the perception that some health systems are gaming the program to enrich their profitability rather than reinvesting the savings to stretch scarce federal resources and increase access to care.

The hearing comes on the heels of a trio of Republican members of Congress, Reps. Bucshon (IN), Carter (GA), and Harshbarger (TN) releasing legislation on May 28 that would add complexity to the 340B program by, among other things, adding new conditions of participation and regulations for 340B hospitals while restricting eligibility. While the bill aims to restrict the ability of PBMs and other middlemen from profiting off the 340B program, it would also create federal guidelines around the use of contract pharmacies all while restricting the ability of states to regulate drug distribution in a way that protects 340B entities from drug manufacturers restrictions at contract pharmacies.

Meanwhile, [WHA continues to advocate for legislation to protect 340B](#) that has been introduced in the House (the 340B Patients Act) that would protect 340B discounts at contract pharmacies, as well as draft legislation known as the [SUSTAIN 340B Act](#), which the gang of 6 in the U.S. Senate continues to work on.

Contact WHA's VP Federal and State Relations [Jon Hoelter](#) with questions.

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