

Honorable John Thune  
Honorable Debbie Stabenow  
Honorable Shelley Moore Capito  
Honorable Tammy Baldwin  
Honorable Jerry Moran  
Honorable Benjamin L. Cardin

July 28, 2023

Subject: 340B Drug Discount Program Request for Information

Dear Senators:

The Infusion Providers Alliance, the leading voice for infusion providers with nearly 1,000 community-based sites across 43 states, wishes to respond to your [request](#) for stakeholder input regarding the Medicare 340B Drug Discount Program (340B) and the need to "strengthen oversight and accountability in the program."

As background, our facilities (which are ineligible to benefit from 340B) are major access points of safe and efficient care for patients with complex chronic health conditions like Crohn's Disease, Multiple Sclerosis, rheumatoid arthritis and many others. Importantly, IPA members provide significant savings to government and commercial payers when compared to hospitals, but in a more convenient setting and usually with better clinical outcomes. An Employee Benefit Research Institute [report](#) found that payments to hospitals are 3-times higher than payments in physician offices.

Despite the clinical and economic benefits of our setting of care, hospital-based infusions are increasing. Evidence suggests that hospitals are financially incentivized by profits generated from 340B to consolidate and administer medicines in more expensive hospital outpatient settings.<sup>1</sup> This often results in marked up provider-administered infusion and injection costs. What is more troubling is that evidence has shown that hospital consolidation not only creates higher health care expenditures but causes negative health outcomes.<sup>2</sup>

While 340B is a vital program that provides critical services to vulnerable populations when utilized by true safety net providers, it is increasingly abused by others. A recent *New York Times* article reports that 340B " ... was created with the intention that hospitals would reinvest the windfalls into their facilities, improving care for poor patients. But Bon Secours ... has been slashing services at Richmond Community while investing in the city's wealthier, white neighborhoods..."<sup>3</sup> A study published in the [New England Journal of Medicine](#) backs this up, finding no evidence hospitals invest their 340B profits into safety-net care.

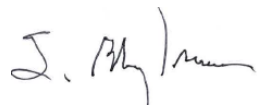
To ensure a hospital vying for 340B eligibility is a true safety net provider, accountability requirements should be strengthened and enforced. There should also be much stricter guidelines and oversight of 340B expansion of a hospital or hospital system's offsite clinics, often referred to as "child sites." Future hospital acquisitions of physician practices should not result in 340B eligibility of those practices simply operating as off-site 340B hospitals.

Redefining the statutory definition of a "patient" of a covered entity, which determines whether a prescription is eligible for a 340B discount, is also overly broad and needs to be updated to protect the integrity of the program and ensure it is truly serving vulnerable or low-income populations. By more clearly defining who a 340B patient is will ensure truly vulnerable patients are treated and ensure hospitals provide those discounts to true 340B patients.

Another issue raised by GAO is the need to "improve federal oversight of covered entities to help ensure compliance with 340B requirements."<sup>4</sup> Specifically, we recommend that each hospital should have only one contract pharmacy.

We appreciate the opportunity to share our viewpoint and hope the Senate can move forward with solutions that will preserve the worthy 340B program in a manner that secures its original intent while curbing future abusive practices.

Sincerely,



Brad Traverse  
Executive Director

1. PhRMA, "Follow the Dollar Part II: Understanding the Cost of Brand Medicines Administered to Commercially Insured Patients in Hospital Outpatient Departments." February 2021. [https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/0-9/2021-FTD-II-whitepaper\\_FINAL.pdf](https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/0-9/2021-FTD-II-whitepaper_FINAL.pdf)
2. Kaiser Family Foundation, "What We Know About Provider Consolidation". September 2020. <https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/>
3. New York Times, "How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits." September 2021. <https://www.nytimes.com/2022/09/24/health/bon-secours-mercy-health-profit-poor-neighborhood.html>
4. GAO 18-480, "Federal Oversight of Compliance at 340B Contract Pharmacies Needs Improvement." June 2018. <https://www.gao.gov/products/gao-18-480>

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