



PHPC

Public Hospital Pharmacy Coalition

www.phpcrx.org

(A Coalition of the National Association of Public Hospitals and Health Systems)

News Release
July 29, 2005

Contact: Piper Nieters
(202) 872-6775
piper.nieters@ppsv.com

Safety Net Hospitals Praise Legislative Action on 340B *Recently Introduced Bills Would Create New Savings, Improve Oversight*

[Washington, DC] – The Public Hospital Pharmacy Coalition (PHPC), an organization of more than 275 hospitals that participate in the Public Health Service 340B drug discount program, expressed its strong support today for H.R. 3547, the “Safety Net Inpatient Drug Affordability Act.” The bill, introduced by Rep. Jo Ann Emerson (R-MO) and Rep. Bobby Rush (D-IL), would extend 340B discounts to inpatient drugs and provide much-needed financial relief to both safety net hospitals and the Medicaid program.

Enacted in 1992, the 340B program requires pharmaceutical manufacturers that choose to participate in Medicaid to sell outpatient drugs at discounted prices to taxpayer-supported health care facilities that have a mission to provide care to the uninsured and low-income populations. While the 340B program significantly reduces costs for pharmaceuticals for outpatients, hospitals are forced to pay 20-25 percent more for the same pharmaceuticals when used for inpatients and are saddled with the regulatory burden of managing two inventories.

H.R. 3547 would make inpatient 340B discounts available to more than 500 disproportionate share hospitals (DSH) that participate in the program. These hospitals are either public institutions or private non-profits under contract with state or local government to provide indigent care. The bill would also create new revenue for the Medicaid program by allowing Medicaid to access some of the savings generated by the reduced costs of prescriptions. PHPC estimates that the bill would save Medicaid over \$100 million a year.

“This bill would not only provide relief to hospital pharmacies that are struggling to provide pharmaceutical care to our most vulnerable patients, it would also significantly reduce costs to Medicaid at a time when Congress is faced with very difficult budget decisions,” said Ted Slafsky, PHPC’s Executive Director. “We applaud Reps. Emerson and Rush for their leadership role.”

The bill also includes a provision that would provide critical access hospitals (CAH)—institutions with 25 beds or less that provide emergency care to low-income patients in remote rural areas—with access to 340B pricing on both outpatient and inpatient drugs.

PHPC also praised the 340B-related provisions included in the “Healthy America Act of 2005,” introduced by a group of Senate Republicans led by Senate Majority Leader Bill Frist (R-TN) on July 27. S. 4 would expand access to prescription drugs to low-income and uninsured patients by allowing 340B entities to partner with multiple contract pharmacies. It would also improve oversight over the 340B program and allow for more transparency in pharmaceutical pricing. “The Senate leadership deserves high marks for addressing needed reforms to the 340B program,” said Bill von Oehsen, PHPC’s General Counsel. “We encourage Congress to enact these 340B measures expeditiously,” added von Oehsen.

