

September 23, 2024

The Honorable Deb Patterson, Chair  
Senate Interim Committee on Health Care

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Chair Patterson, members of the committee, thank you for the opportunity to discuss 340B with you today. For the record, my name is Andrew Sowles. I'm a clinical pharmacist who manages ambulatory care clinical pharmacy services and the medication management clinics for Salem Health Hospitals and Clinics. I also oversee our health system's 340B program.

Salem Health is a nonprofit health system serving the mid-Willamette Valley. Our mission is to improve the health of the people and communities we serve.

In 1992, Congress created the 340B program to enable covered entities like Salem Health to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. I want to share with you a specific example of what that looks like right here in this community.

As I mentioned earlier, I oversee Salem Health's two medication management clinics. These innovative clinics have dramatically extended the lifespan of high-risk patients by leveraging clinical pharmacists as direct care providers working collaboratively with primary care providers. Our team of clinical pharmacists provide drug monitoring, medication adjustments, and education for people with complex chronic medical conditions – such as diabetes, hypertension, and depression. Many chronic conditions require intensive case management. But this is a level of care that overburdened primary care providers struggle to sustain on their own. Our collaborative model makes complex disease management possible.

As an example, over the past several years, high-risk patients with diabetes under the care of our clinical pharmacists have shown improvement in important health markers, such as cholesterol, blood pressure, and glucose levels which have directly contributed to an increased life expectancy of an average of 7.2 years for men and 8.1 years for women. In total, the clinics' work has resulted in a *combined total of 9,030 additional life years*. Again, that is 9,030 life years gained for Oregonians funded through 340B savings. Our goals are to expand the services of these two clinics further and to help reach more patients in our community, but we can't do that under the current limitations imposed by drug manufacturers.

Even as they continue to generate billions of dollars in annual profits, pharmaceutical manufacturers have sought to shrink the size of the 340B program.<sup>1</sup> They've achieved this by restricting a covered entity's ability to access 340B savings through contract pharmacies. Manufacturers have continued this practice despite the federal government's affirmation that this is in direct violation of the 340B statute.<sup>2</sup>

This tactic alone has diminished 340B savings to the extent that covered entities like Salem Health cannot grow innovative programs with proven outcomes to serve more patients. The impact is felt most severely by underserved patients who require not only access to medications but also comprehensive clinical management strategies. These patients rely on the specialized care of collaborative health care teams, which include pharmacists, to achieve the best possible health outcomes.

Drug manufacturers are not required to participate in the 340B program. However, their access to the lucrative Medicaid and Medicare Part B prescription drug markets is contingent upon their participation in 340B. Congress created the program in this way to ensure that manufacturers who profit from these markets help offset the cost of care for those who can't afford it, just as providers like Salem Health accept reduced reimbursement rates for Medicaid patients. In short, the 340B program ensures that drug manufacturers contribute their fair share to sustaining the healthcare system where resources and funding are limited.

In an effort to undermine the integrity of the 340B program, some will claim that the 340B program is abused. The truth is that the Health Resources and Services Administration (HRSA) is responsible for audits and compliance of both manufacturers and covered entities. West Valley Hospital, Salem Health's critical access hospital in Dallas, was audited for compliance last year. I'm happy to report that HRSA found no evidence of abuse in our program.

Additionally, the Salem Hospital 340B program is currently undergoing a HRSA audit. This audit will look at over 350,000 lines of prescription data from our program spanning a 6-month period. We anticipate spending more than 200 hours to complete all audit related requests and information for a process that runs through the end of November. This rigorous examination of our program is a testament to the overall integrity of the 340B program and the oversight provided by HRSA, which ensures that covered entities use these savings as originally intended under by statute.

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<sup>1</sup> Dunleavy, K. (2024, May 15). The top 20 pharma companies by 2023 revenue. *Fierce Pharma*. <https://www.fiercepharma.com/pharma/top-20-pharma-companies-2023-revenue>

<sup>2</sup> U.S.C. Title 42 - THE PUBLIC HEALTH AND WELFARE. (n.d.). <https://www.govinfo.gov/content/pkg/USCODE-2022-title42/html/USCODE-2022-title42-chap6A-subchapII-partD-subpartvii-sec256b.htm>

Some claim that 340B savings are used to increase profits or that the use of contract pharmacies was never meant to be part of the program. The truth is, HRSA detailed the appropriate use of contract pharmacies as part of the 340B program in the Federal Register 1996.<sup>3</sup> This has been reaffirmed on two separate occasions, first in 2007<sup>4</sup>, and again in 2010.<sup>5</sup> The truth is that 340B and the use of contract pharmacies preserves patient choice and helps covered entities serve vulnerable populations and fund critical public health initiatives. The use of contract pharmacies has a long history as part of the 340B program, fulfilling Congress' intent for the program to stretch scarce federal resources as far as possible. The truth is that 340B savings save and extend lives in Oregon.

Chair Patterson, members of the committee, you can follow the example of other states and restore the 340B program to what Congress intended. In the process, you can help support Oregonians, community health programs at local hospitals and other covered entities without spending the state's limited funds.

Thank you for the opportunity to testify. I'm happy to answer any questions that you might have about the 340B program and who benefits from that at Salem Health.



Andrew J. Sowles, PharmD, BCPS, BCACP, BC-ADM Manager Ambulatory Care Clinical Pharmacy Services, Medication Management Clinic

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<sup>3</sup> Notice Regarding Section 602 of the Veterans Health Care Act of 1992; Contract Pharmacy Services. 61 FR 165. August 23, 1996. <https://www.govinfo.gov/content/pkg/FR-1996-08-23/pdf/96-21485.pdf>

<sup>4</sup> Notice Regarding 340B Drug Pricing Program-Contract Pharmacy Services. 72 FR 1540. <https://www.federalregister.gov/documents/2007/01/12/E7-334/notice-regarding-340b-drug-pricing-program-contract-pharmacy-services>

<sup>5</sup> Notice Regarding 340B Drug Pricing Program-Contract Pharmacy Services. 72 FR 10272. March 5, 2010. <https://www.federalregister.gov/documents/2010/03/05/2010-4755/notice-regarding-340b-drug-pricing-program-contract-pharmacy-services>