

## Loring Starr

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**From:** Hogue, Nancy <Nancy.Hogue@vermont.gov>  
**Sent:** Thursday, April 21, 2016 10:24 AM  
**To:** Loring Starr  
**Cc:** French, Aaron; Nolan Langweil; Hogue, Nancy; Parker, Lindsay  
**Subject:** Follow Up on S.216-340B Drug program for HHC

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi Loring

Can you please share this information with HHC for me? It would be very helpful to them for 340B background information. I am also pulling together the information on covered entities that they asked for yesterday. I will get that over to you as well. Many thanks.

Nancy

Here is an article about the money involved in 340B drugs. It's a very interesting read.

<http://www.drugchannels.net/2016/02/340b-purchases-hit-12-billion-in.html#more>

The 340B program is highly controversial, partly because the 340B legislation does not specify or restrict how covered entities should utilize funds generated by the program. Hence, it's troubling to see that uncompensated care as a percentage of hospitals' total expenses has remained at about 6% for many years, despite booming 340B purchases.

- 1 The Office of Inspector General (OIG) has documented how 340B-eligible hospital outpatient departments earn tremendous profits from the Medicare Part B program. Gross profit margins are about 60% compared with 3% to 4% for a non-340B outpatient program. The OIG has proposed that the Medicare program could save money by sharing in these mega-profits. See [New OIG Report Shows Hospitals' Huge 340B Profits from Medicare-Paid Cancer Drugs](#).
- 2 The OIG has also found that two-thirds of hospitals do not offer the reduced 340B prices to uninsured patients. See [New OIG Report Confirms Our Worst Fears About 340B Contract Pharmacy Abuses](#).
- 3 The Medicare Payment Advisory Commission (MedPAC) has found that many 340B hospitals have below-average levels of uncompensated care. [See this presentation](#).

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