



## Safety Net Hospitals for Pharmaceutical Access

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### **SNHPA Statement on HHS Inspector General Report on State Medicaid Policies and Oversight Activities Related to 340B-Purchased Drugs**

Safety Net Hospitals for Pharmaceutical Access (SNHPA) applauds the HHS Office of Inspector General (OIG) for issuing a report that calls for more clarity when it comes to how 340B covered entities should bill Medicaid and how Medicaid should reimburse for 340B purchased drugs (see <http://oig.hhs.gov/oei/reports/oei-05-09-00321.asp> for the full report). For over a decade now, our organization has been encouraging the Centers for Medicare and Medicaid Services (CMS) and the Health Resources and Services Administration (HRSA) to work together more closely on issues related to the interaction between the 340B program and Medicaid. Based on the agencies' comments to OIG, we are pleased that CMS and HRSA are working in a coordinated fashion.

We also have been encouraging the federal and state governments to provide more guidance on Medicaid billing and reimbursement for a long time. In fact, SNHPA led the successful effort to get federal legislation enacted recently requiring the government to provide this sort of guidance.

OIG's finding that close to 60 percent of safety-net providers are choosing to carve out Medicaid patients from the Medicaid program underscores the need for adequate Medicaid reimbursement for 340B covered entities. "If covered entities are required to bill at acquisition cost, it deters use of the program for Medicaid recipients and hurts both states and covered entities in serving our most vulnerable patient populations," said SNHPA President and General Counsel William von Oehsen.

We are pleased with OIG's recommendation that states should work with covered entities to explore policy options that might result in shared savings. We are also happy that OIG noted that HRSA long ago rescinded guidance directing 340B covered entities to bill at acquisition cost. Many states continue to rely on that outdated guidance.

We look forward to working with the federal government and states to promote models that allow providers and state Medicaid agencies to share savings from this important drug discount program.

*Safety Net Hospitals for Pharmaceutical Access (SNHPA) is an association of 700 hospitals with a mission to increase the affordability and accessibility of pharmaceutical care for the nation's poor and underserved populations. For more information about SNHPA and the 340B program, visit [www.snhpa.org](http://www.snhpa.org).*