

**Congress of the United States**  
**Washington, DC 20515**

May 6, 2013

Mr. Daniel R. Levinson  
Inspector General  
Office of the Inspector General  
U.S. Department of Health and Human Services  
330 Independence Avenue SW  
Washington, D.C. 20201

Dear Inspector General Levinson,

We are writing to request a review of the Health Resources and Services Administration's (HRSA's) oversight of contract pharmacy arrangements by 340B covered entities. 340B covered entities may contract with pharmacies to improve their patients' access to drugs purchased under the 340B Program. In 2010, HRSA began allowing covered entities to contract with multiple contract pharmacies.<sup>1</sup> Since that time, according to HRSA staff, the number of 340B contract pharmacies has increased rapidly — recently published figures put the number of contract pharmacies at over 7,000.<sup>2</sup>

We are concerned that the increasing number of contract pharmacies and the complex nature of their arrangements with 340B covered entities may lead to the diversion of 340B-purchased drugs to ineligible patients or subject drug manufacturers to duplicate discounts. Diversion of 340B-purchased drugs to ineligible patients and duplicate discounts are prohibited according to the Public Health Service Act, 42 U.S.C. 256b(a)(5)(B) and 42 U.S.C. 256b(a)(5)(A)(i), respectively. HRSA requires that covered entities ensure, through contract provisions and oversight efforts, that contract pharmacies do not violate the terms of the 340B Program.<sup>3</sup>

Because of the potential for contract pharmacy arrangements to result in diversion of 340B-purchased drugs to ineligible patients and duplicate manufacturer discounts, we request that the HHS OIG investigate efforts by covered entities to ensure that contract pharmacies do not violate the terms of the 340B Program and examine the scope and strength of HRSA oversight of contract pharmacy arrangements.

Should you have any questions regarding this request, please contact Heidi Stirrup with the Energy and Commerce Committee at (202) 225-3641; Hayden Rhudy with the Senate Finance

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<sup>1</sup> 75 Fed. Reg. 10272 (March 5, 2010).

<sup>2</sup> Government Accountability Office. *Drug Pricing: Manufacturer Discounts in the 340B Program Offer Benefits, but Federal Oversight Needs Improvement*. GAO-11-836. Accessed at [www.gao.gov](http://www.gao.gov) on May 1, 2013.

<sup>3</sup> 75 Fed. Reg. 10278 (March 5, 2010).

Committee at (202) 224-4515; Erika Smith with the Senate Judiciary Committee at (202) 224-5225; Melissa Pfaff with the Senate HELP Committee at (202) 224-6770; or Riley Swinehart with Senator Enzi at (202) 224-3424.

Sincerely,



Lamar Alexander  
U.S. Senator



Joe Pitts  
Member of Congress



Orrin G. Hatch  
U.S. Senator



Michael B. Enzi  
U.S. Senator



Charles E. Grassley  
U.S. Senator



Bill Cassidy  
Member of Congress