



**Association of
American Medical Colleges**
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August 13, 2020

The Honorable Doris Matsui
United States House of Representatives
2311 Rayburn House Office Building
Washington, DC 20515

The Honorable Chris Stewart
United States House of Representatives
2242 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Matsui and Stewart:

On behalf of the Association of American Medical Colleges (AAMC), I am writing to offer our support and thanks for the introduction of H.R. 7838, bipartisan legislation that would ensure that safety-net hospitals do not lose their eligibility to participate in the 340B Drug Pricing Program during the public health emergency (PHE) due to changes in their patient mix as a result of the COVID-19 pandemic.

The AAMC is a not-for-profit association dedicated to transforming health care through medical education, patient care, medical research, and community collaborations. Its members are all 155 accredited U.S. medical schools; more than 400 teaching hospitals and health systems, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC serves the leaders of America's medical schools and teaching hospitals and their more than 179,000 full-time faculty members, 92,000 medical students, 140,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences

The 340B Program allows safety-net hospitals, many of which are teaching hospitals, and other providers that serve a disproportionate number of low-income patients to provide these patients and their communities with access to vital health care services. The program permits these hospitals to leverage discounts from pharmaceutical companies at no cost to the federal government. However, due to changes in patient mix as a result of the current PHE, some of the hospitals that participate in the 340B Program are at risk of losing their eligibility. This would result in a substantial increase in drug costs for hospitals and a reduction in health care services to patients, all because these hospitals and providers have taken steps to respond to the COVID-19 pandemic and increase care to their communities.

We are grateful that your bill would address this concern by allowing covered entities to temporarily maintain eligibility in the program throughout the PHE even if their Medicare disproportionate share hospital adjustment percentage drops below the current threshold. We also

appreciate your support to lead a bipartisan letter in May that 123 of your colleagues joined to urge House leadership to include this policy in the next COVID-19 supplemental bill.

Additionally, your bill helps address current drug shortages and distribution challenges that stem from the pandemic by temporarily waiving the requirement that prohibits certain 340B hospitals from using a group purchasing organization to purchase covered outpatient drugs during the PHE. This will reduce cost and increase access to needed medications and provide important relief to 340B hospitals and their patients.

Thank you again for introducing this important legislation to protect patients and communities that are served by 340B safety-net hospitals. Please feel free to contact me or Leonard Marquez (lm Marquez@aamc.org), Sr. Director, Government Relations, if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "David J. Skorton". The signature is fluid and cursive, with the first name "David" being the most prominent.

David J. Skorton, MD
President and Chief Executive Officer