

September 24, 2021

The Honorable Frank Pallone
Chairman, Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cathy McMorris Rodgers
Ranking Member, Committee on Energy and
Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Pallone, Chairman Neal, Ranking Member McMorris Rodgers, and Ranking Member Brady:

On behalf of the nation's 340B hospitals and the patients we serve, we write to express our continued support of the 340B federal drug pricing program and to strongly encourage Congress to protect the program as you consider broader changes to our nation's health care system. While we commend Congress's work on legislation to lower the costs of prescription drugs, we remain concerned that some of the proposals under consideration may reduce the scope of the program and thereby limit the ability of 340B hospitals to provide vital patient services to low-income and rural patients. Our concern is heightened by the fact that hospitals remain on the front lines of responding to the COVID-19 pandemic and continue to face significant instability and strain.

As Congress considers policies that will lower the costs of prescription drugs for all living in America, we want to ensure that consideration is given to any potential impact these policies may have on 340B that could limit or reduce the savings that participating hospitals rely on to serve their patients.

Protect the Value of 340B

340B guarantees discounted drug pricing for eligible providers, which in turn enables access to affordable, high-quality health care services, prescription drugs, and improved health outcomes for underserved patients across the country. To be eligible for the program, hospitals must either care for high-numbers of low-income patients, be a rural hospital, or a hospital that treats a specific patient population like cancer patients or pediatric patients. As a result, 340B hospitals provide almost \$68 Billion annually in community benefits.

In addition, as you consider policies to curb the growth in drug prices, it is important to remember that 340B has been proven to be a mechanism to constrain drug price increases. A recent study published in the Journal of the American Medical Association (JAMA) found that 340B has helped to slow the growth in drug prices for all drugs, including those purchased outside of the 340B program.

At a time when hospitals around the country are facing increasing uncertainty from the ongoing pandemic, we ask Congress to provide certainty for hospitals that the 340B program will remain intact and that their program savings will not be limited in any way under the drug pricing policies currently being discussed.

Medicaid Managed Care AAC Reimbursement in PBM Spread Pricing Provision

Last Congress, both the House and Senate included language in their respective drug pricing bills (i.e. Section 815 of H.R. 3 and Section 206 of S. 2543) that would negatively impact 340B. This language would require Medicaid managed care organizations (MCOs) to pay for all retail pharmacy drugs, including 340B drugs, based on actual acquisition costs (AAC), effectively eliminating 340B savings for that population for many 340B providers. It is our understanding this language is still being considered this Congress.

Because 340B hospitals serve a large population of Medicaid patients, this policy would have a negative impact on the ability of hospitals that use 340B drugs under Medicaid managed care. It would inhibit their ability to provide services to their patients with low incomes, including the provision of primary care, oncology, and diabetes services as well as providing free or discounted drugs to patients in need. We strongly encourage Congress to ensure that 340B savings are not limited in this way should this language still be considered this Congress.

We applaud your leadership and efforts to address high drug prices – an issue that affects the millions of patients our providers care for every year. While we understand that drug pricing reform is necessary yet highly complex and challenging, we urge Congress to ensure that the legislation under consideration does not harm the 340B program and the providers and patients that rely on it in any way.

For nearly 30 years the 340B program has stood strong as a lifeline for providers and patients thanks to Congress' longstanding and bipartisan support. We thank you for this unwavering support and for your tireless work on these important issues as you continue to develop legislation. We look forward to working with you on these important matters.

Sincerely,

American Hospital Association
340B Health
America's Essential Hospitals
Association of American Medical Colleges
Children's Hospital Association
Catholic Health Association of the United States

Identical letter sent to:

The Honorable Charles E. Schumer, Majority Leader, U.S. Senate
The Honorable Nancy Pelosi, Speaker, U.S. House of Representatives

The Honorable Mitch McConnell, Minority Leader, U.S. Senate
The Honorable Kevin McCarthy, Minority Leader, U.S. House of Representatives
The Honorable Ron Wyden, Chairman, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance
The Honorable Patty Murray, Chairwoman, Senate Committee on Health, Education,
Labor and Pensions
The Honorable Richard Burr, Ranking Member, Senate Committee on Health, Education,
Labor and Pensions