



Association of
American Medical Colleges
655 K Street, N.W., Suite 100, Washington, D.C. 20001-2399
T 202 828 0400 F 202 828 1125
www.aamc.org

April 16, 2024

The Honorable Doris Matsui
U.S. House of Representatives
2311 Rayburn House Office Building
Washington, DC 20515

Dear Representative Matsui,

On behalf of the Association of American Medical Colleges (AAMC), I write in support of the 340B Pharmaceutical Access to Invest in Essential, Needed Treatments & Support (340B PATIENTS) Act ([H.R. 7635](#)), which would preserve and strengthen the 340B Drug Pricing Program by clarifying covered entities' ability to partner with contract pharmacies to distribute covered outpatient drugs to patients.

The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, health care, medical research, and community collaborations. Our members are all 158 U.S. medical schools accredited by the [Liaison Committee on Medical Education](#); 13 accredited Canadian medical schools; approximately 400 academic health systems and teaching hospitals, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America's medical schools, academic health systems and teaching hospitals, and the millions of individuals across academic medicine, including more than 193,000 full-time faculty members, 96,000 medical students, 153,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. In 2022, the Alliance of Academic Health Centers and the Alliance of Academic Health Centers International broadened participation in the AAMC by U.S. and international academic health centers.

For over three decades, the 340B program has played a critical role in our nation's health care safety net, supporting providers in their mission to care for low-income and historically under-resourced patients and communities. The program allows safety-net hospitals, many of which are teaching hospitals, to purchase covered outpatient drugs at a discount from manufacturers, thereby helping them "stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."¹ The program is especially important to AAMC-member teaching health systems and hospitals, which care for many of the nation's most clinically and socially complex patients. Although AAMC members comprise just 5 percent of all short-term, non-federal hospitals nationwide, they account for 28% of all Medicaid inpatient days and 32% of hospital charity care costs.² AAMC-member 340B hospitals use their savings to maintain, improve, and expand access to care by financing uncompensated care, providing free or discounted medications, and investing in community health programs, all at no cost to the taxpayer.³

For years, AAMC-member 340B hospitals have partnered with community-based pharmacies (also known as "contract pharmacies") to distribute covered outpatient drugs to patients. Contract pharmacies advance the program's mission by allowing patients to pick up their prescriptions at a location that is most

¹ <https://www.hrsa.gov/opa>

² AAMC analysis of AHA Annual Survey Database FY2022 and NIH Extramural Research Award data..

³ <https://www.aamc.org/media/66471/download?attachment>

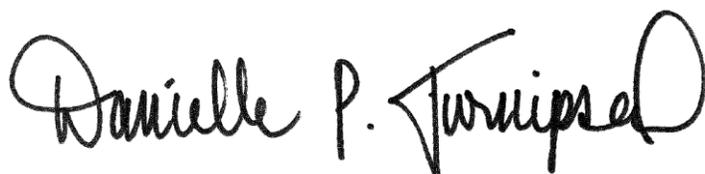
convenient to them. This convenience is especially important to low-income and historically under-resourced patients, who face significant barriers to care, including transportation barriers, inflexible working hours, and a lack of reliable childcare, among others. Contract pharmacy arrangements, which include partnerships with local and mail-order pharmacies, help to alleviate these logistical challenges, thereby improving patients' care experience and promoting medication adherence.

As we have emphasized to lawmakers, pharmaceutical manufacturers' restrictions on covered entities' use of contract pharmacy arrangements pose an existential threat to the program, prioritizing the pharmaceutical industry's profits at the expense of safety-net providers and the patients and communities they serve. Over the past four years, these restrictions on contract pharmacy arrangements have taken a toll on the health care safety net, with nearly half of disproportionate share (DSH), rural referral center (RRC), and freestanding children's hospitals reporting a decline in 340B savings in 2022.⁴ These restrictions have resulted in mounting financial losses for our member institutions, further exacerbating the financial pressures facing teaching hospitals as they struggle to recover from the COVID-19 pandemic and its financial ramifications. Absent congressional action, manufacturer-imposed restrictions will continue to imperil our members' ability to care for low-income patients and communities.

The 340B PATIENTS Act would address these abuses and restore covered entities' unrestricted use of contract pharmacies to distribute 340B-acquired drugs to patients. This critical legislation would amend the 340B statute to prohibit manufacturers from imposing limits or conditions on the ability of a covered entity to purchase and dispense 340B drugs, including through the use of contract pharmacy arrangements. The bill would authorize civil monetary penalties on manufacturers found to violate these requirements. The 340B PATIENTS Act would safeguard the 340B program, ensuring that it can continue to benefit safety-net providers, patients, and communities long into the future.

We thank you for introducing this important legislation to protect 340B providers and the patients and communities they serve. If you have any questions, please reach out to my colleagues, Len Marquez (lmarquez@aamc.org), Senior Director, Government Relations and Legislative Advocacy, or Sinead Hunt (sihunt@aamc.org), Legislative Analyst.

Sincerely,



Danielle Turnipseed, JD, MHSA, MPP
Chief Public Policy Officer
Association of American Medical Colleges

CC: David J. Skorton, MD
President and CEO
Association of American Medical Colleges

⁴ <https://www.aamc.org/media/68896/download?attachment>