



March 24, 2015

Chairman Fred Upton  
House Energy and Commerce Committee  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Ranking Member Frank Pallone  
House Energy and Commerce Committee  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Subcommittee Chairman Joe Pitts  
House Energy and Commerce Committee  
Subcommittee on Health  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Ranking Member Gene Green  
House Energy and Commerce Committee  
Subcommittee on Health  
U. S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Upton, Subcommittee Chairman Pitts, Ranking Member Pallone, and Subcommittee Ranking Member Green:

The National Association of Community Health Centers (NACHC) appreciates the opportunity to provide a statement for the record for the House Energy and Commerce Subcommittee on Health's hearing on the 340B program.

### **Role of Community Health Centers**

For 50 years, community health centers (otherwise known as Federally Qualified Health Centers or health centers) have provided access to quality and affordable primary and preventive health care services to millions of uninsured and medically underserved people nationwide, regardless of their ability to pay. Today there are over 1300 health center organizations, serving more than 23 million patients, including nearly seven million children and more than a quarter of a million veterans. All health centers provide a full range of primary and preventive care services, as well as services that enable patients to access health care appropriately (e.g., translation, health education, transportation). A growing number of health centers also provide dental, vision, behavioral health, pharmacy, and other important supplemental services.

Health centers receive federal funding under Section 330 of the Public Health Service Act. This grant funding comes with several important requirements, such as: being open to all regardless of one's ability to pay, providing services on a sliding fee scale, being located in a medically underserved area or serving a medically underserved population, and having a board made up of a patient majority in order to

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ensure that the health center is best meeting the needs of the community that it serves. Health centers pride themselves on these requirements, which make them unique in the health care delivery system.

No two health centers are alike, but they all share one common purpose: to provide primary health care services that are coordinated, culturally and linguistically competent, and community-directed to uninsured and medically underserved people. Nationally, health centers see a mix of patients, which break down as follows:

- 41% are Medicaid recipients
- 35% are uninsured
- 14% are privately insured
- 8% are Medicare recipients

### **Health centers and the 340B Program**

Health centers are eligible covered entities for the 340B Drug Discount Program, either as federally qualified health centers or as health center lookalikes<sup>1</sup> (as defined in the Social Security Act). With this designation, health centers are not only able to provide their patients with access to high quality health care but also access to affordable prescription drugs. According to a recent NACHC survey, 96 percent of respondents deemed the 340B program “highly important,” especially for increasing access to prescription drugs for patients in need. In fact, many health centers report that before the 340B program, they were not able to provide pharmacy access to their patients.

Not only does the 340B program allow health centers to provide their patients better access to medication, but the savings achieved from purchasing prescription drugs at the reduced 340B prices are critical to health center operations, allowing them to use more of their limited resources to expand services for those in need of care. In fact, many health centers report that due to their slim operating margins, without the savings from the 340B program they would not be able to sustain operations. The investment of these dollars takes many forms, such as providing funds for a new exam room or provider, increasing access to services, extended evening or weekend hours, and improved technologies, among many others. According to the NACHC survey, 60 percent of health center respondents stated that they were able to use their savings to extend services beyond those related to the pharmacy, which is especially meaningful because improved comprehensive care can improve health outcomes and reduce total health care spending by reducing hospital and ER admissions.

The 340B program is critically important to health centers, not only because it allows them to provide access to affordable prescription drugs, but also allows them to stretch scarce federal resources to continue providing high quality primary and preventive care. NACHC believes this program provides health centers with a sound base from which to best serve the needs of some of our nation’s most vulnerable patients, and we urge you to take this into account when considering proposals related to 340B in this committee.

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<sup>1</sup> An FQHC lookalike is a health center that meets all of the 330 grant requirements but does not receive federal funding.

We appreciate your time and attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel R. Hawkins, Jr.", written in a cursive style.

Daniel R. Hawkins, Jr.  
Senior Vice President  
Public Policy and Research  
National Association of Community Health Centers