CHILDREN'S HOSPITAL ASSOCIATION

Champions for Children's Health

Statement for the Record

In support of the 340B Drug Pricing Program

Submitted to the House Committee on Energy and Commerce
Subcommittee on Health

Opportunities to Improve the 340B Drug Pricing Program

July 11, 2018

Contact us: public.policy@childrenshospitals.org
600 13th St., NW | Suite 500 | Washington, DC 20005 | 202-753-5500
16011 College Blvd. | Suite 250 | Lenexa, KS 66219 | 913-262-1436
www.childrenshospitals.org | © Children's Hospital Association

The Children's Hospital Association (CHA) represents 220 hospitals nationwide dedicated to the health and well-being of our nation's children. On behalf of our nation's children's hospitals and the patients and families we serve, we urge the committee to protect the 340B Drug Pricing Program (340B) and to retain the original intent of the program to stretch scarce federal resources as far as possible.

340B supports safety-net providers, such as children's hospitals, in their mission to serve low-income, uninsured, and under-insured patients. To date, 52 freestanding children's hospitals have enrolled in the program. Children's hospitals depend on support from programs like 340B to provide the necessary care our patients need and to expand vital services to the communities we serve. On average, more than half of all patients treated at children's hospitals are covered by Medicaid, which pays approximately 30 percent less compared to Medicare for the same procedures and significantly less than private insurance.

Children's hospitals support H.R. 6017, the Stretching Entity Resources for Vulnerable (SERV) Communities Act. Oversight of pharmaceutical manufacturers needs to be strengthened and aligned with covered entity standards. In addition, we support efforts that allow covered entities to access ceiling prices through a designated Health Resources and Services Administration (HRSA) website

We encourage the committee to reconsider efforts that put a freeze on new entities or require hospitals to report on additional reporting measures that do not result in improved program integrity. In addition to the annual recertification and ongoing audits by HRSA Health Resources and Services Administration necessary for 340B, children's hospitals annually submit cost reports to Medicaid agencies and report financial assistance and community benefits to the Internal Revenue Service. Further reporting that does not improve program integrity would only mean increased administrative burden for little to no value.

We also request that the committee re-evaluate proposals that indiscriminately impose Medicare requirements on 340B providers. As explained above, the majority of patients treated at children's hospitals are covered by Medicaid. Proposals should not subject 340B hospital entities to Medicare requirements without considering their applicability to children's hospitals.

We also ask the committee to weigh the impact of proposals that look to change current program definitions, specifically the patient definition. Proposals aimed at changing the patient definition will limit an entity's ability to administer infusions and to provide prescriptions upon discharge under 340B. These potential changes are troubling for children's hospitals. The infusion of a drug — especially in a pediatric patient — is very complex and requires the administration of medication intravenously, under the management of a trained health care professional. These infusions play a vital role in treating neonatal and pediatric patients with different types of health conditions, including blood diseases, cancer, immune disorders and genetic abnormalities. As a result, some pediatric patients are referred to children's hospitals' infusion clinics because they require specialized care, including having a trained nurse or health care provider that understands the unique physiology of children and can closely monitor, observe and provide additional health care services as necessary. Since children's hospitals are regional providers, patients and their families often travel from all over the state, or possibly from a neighboring state, to receive infusion treatment. While it is important that these children receive this treatment at a children's hospital, it may not be necessary for the patient to receive their overall care from a children's hospital. This is important since we believe children should receive the care they need in the most appropriate and cost effective setting as possible.

Additionally, we are concerned with proposals that prevent hospitals from receiving 340B pricing for drugs billed as outpatient drugs if the prescription order was written in connection with a discharge from an inpatient stay. We worry that this may adversely affect patient care. For example, in an effort to improve patient outcomes and reduce hospital readmissions, discharge prescription programs have been implemented by many institutions to facilitate the transition of care and increase compliance with medication therapy. These types of programs help educate patients' families and remove some of the challenges related to medication compliance. Finalizing this policy could jeopardize the important progress made in this area and negatively affect pediatric health.

We thank the Chairman, Ranking Member, and committee members for the opportunity to provide comments. We look forward to working with the committee to ensure 340B remains strong.