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ONE HUNDRED FIFTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
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August 2, 2018

Dr. Debra Patt
Executive Vice President
Policy and Strategic Initiatives
Texas Oncology
12221 Merit Drive, Suite 500
Dallas, TX 75251

Dear Dr. Patt:

Thank you for appearing before the Subcommittee on Health on July 11, 2018, to testify at the hearing entitled "Opportunities to Improve the 340B Drug Pricing Program."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on August 16, 2018. Your responses should be mailed to Dan Butler, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to dan.butler@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Michael C. Burgess, M.D.
Chairman
Subcommittee on Health

cc: The Honorable Gene Green, Ranking Member, Subcommittee on Health

Attachment

Attachment — Additional Questions for the Record

The Honorable Michael C. Burgess, M.D.

1. I appreciate your testimony about the impact that the 340B program has on community oncology clinics. I want to point out that this same sentiment is shared by the US Oncology Network. The US Oncology Network believes that the 340B program growth is contributing to consolidation in oncology practices, thereby increasing monopoly power and prices to patients. In a recent resolution, the American Medical Association (AMA) pointed out that the 340B program does not support these physician practices. This could push consolidation beyond oncology to other areas where there is a clear financial incentive to capture revenue for specialties with high priced outpatient drugs. What can Congress do to combat the negative impacts of consolidation on this program while still ensuring that the program can be strengthened and maintained moving forward?

The Honorable Leonard Lance

1. How do you believe HRSA could more efficiently administer and oversee this program?

The Honorable Billy Long

1. In instances where a covered entity passes on the 340B discount to the patient in an in-house pharmacy, why would they not provide that same discount at one of their contract pharmacies?

2. Finally, do you think HRSA should issue guidance on how to determine patient eligibility for drug discounts?

The Honorable Larry Bucshon

1. Are covered entities required to report their savings to HRSA, and if not, does HRSA keep track of 340B savings through some other mechanism?

2. Is HRSA tracking how 340B revenue is spent?

3. Is there evidence that indicates covered entities are using 340B revenue for the original intended purposes of the program?

4. Would you support legislation to track how 340B savings are spent, and do you have any ideas or recommendations on how that would work?

The Honorable Susan W. Brooks

1. In your opinion, what would be the best metric to determine an entity's commitment to serving low-income and uninsured individuals?

The Honorable Markwayne Mullin

1. During a July 2017 hearing before the O&I subcommittee, HRSA testified that the Agency has struggled to clarify some of the 340B program requirements since they lack explicit regulatory authority for most provisions of the 340B statute and that "[s]pecific legislative authority to conduct rule making for all provisions in the 340B statute would be more effective for facilitating HRSA's oversight and management of the program. Specifically, regulatory authority would also allow HRSA to provide greater clarity and specificity of program requirements." Do you have any concerns with HRSA's oversight of the 340B program and/or 340B program integrity?

    a. If so, do you think providing HRSA with the authority to prescribe regulations as necessary or appropriate to carry out the 340B program will help alleviate some of these concerns?

The Honorable Frank Pallone, Jr.

1. Dr. Patt: You were asked the following question "Texas Oncology is a member of the US Oncology Network, which is a division of McKesson Corporation; is that correct?" You answered "No ma'am. Texas Oncology is a private practice." On the Texas Oncology website (https://www.texasoncology.com/who-we-are/affiliations/us-oncology-network), a page begins with the following sentence "Texas Oncology is member of The US Oncology Network."

    a. Please clarify your response for the record.

2. Dr. Patt: You stated that you work for a private practice in Texas. The bio you submitted to the committee states that you "led multiple innovative informatics and analytics initiatives within The US Oncology Network" and that you "serve[ ] as the medical director of analytics for McKesson Specialty Health" and "work[ ] with the McKesson team on a centralized 2021 analytics strategy."

    a. For purposes of clarification of your response, please provide the amount of annual compensation (of any kind) you receive from McKesson, if any, for your position with the company and the number of hours you spend on these activities for McKesson each month. Please provide information for the current year and the previous five year period.

3. Dr. Patt: you have emphasized your "…collaborative relationship with Seton is extensive. For a decade, I ran their breast cancer services for the network. I chaired the breast cancer

subcommittee, I still chair under the division of women's health, which is a collaboration between UT Dell Medical School and Seton…"

   a. Please clarify what Committee you chair and how it is affiliated with Seton or the University of Texas Medical School. Please also indicate how many people are on that committee, whether you hold meetings for this committee and, if so, whether you attend those meetings in person. Please provide a list of committee meeting dates and meeting attendees for the previous 12-month period.

4. Dr. Patt: In your testimony you state "[w]hen cancer care is shifted from private practices to the hospital outpatient department, the cost of care doubles."

   a. Please provide the Committee with specific data behind this statement.

5. Dr. Patt: In your testimony you state "[w]hen 340B qualifying hospitals treat privately insured patients and prescribing these $10,000 drugs, each time they purchase the drug for $5,000 and keep nearly $5,000 in additional profits."

   a. Please provide the Committee with specific hospital financial data substantiating the statement that hospitals make a 100 percent profit off of drugs purchased under the 340B program.

6. Dr. Patt: In your testimony you state "qualifying hospitals sometimes refuse to see [vulnerable] patients."

   a. Please provide the Committee with a record or any other specific evidence that substantiates your assessment that patients are refused services because of the hospital's status as a qualifying entity in the 340B program.

7. Dr. Patt: In your testimony you state "[n]o one knows exactly how the incremental revenue of the 340B program is used without appropriate oversight and transparency, though data that we do have is troubling."

   a. Please provide the Committee with the specific data you are speaking to in this particular statement.

8. Dr. Patt: In your testimony you state "[t]here are multiple uninsured patients with cancer who are county residents who are placed on a queue for months to be seen." Your testimony also detailed several stories that are quite concerning related to delays in care for treatment around the country.

   a. These are very concerning stories provided in your testimony to the Committee. Please provide the Committee with data substantiating these stories.

   b. Please provide the Committee with the statutory reference or additional data that contributes to delays or denials of care as a result of the functioning of the 340B program itself.

c. Additionally, in these instances, was the treatment provided for these patients by yourself or by TX Oncology? (If these patients were not treated by TX Oncology, please indicate the rationale for not providing that treatment.)

The Honorable Janice D. Schakowsky

1. Dr. Patt, in your testimony you state that "[m]any 'nonprofit' hospital executives have seven or eight figure annual salaries" and cite the Wall Street Journal's Million-Dollar Club as the group of executives you are speaking to.

    a. Please provide the Committee with evidence that shows how the 340B program directly contributed to significant salary increases, leading to the accumulation of "seven or eight figure" salaries of the individuals you reference.

2. Dr. Patt, In your testimony you state "[b]ecause of the lack of transparency, oversight, and accountability, we can observe tremendous variability across the country in the philanthropic commitment of 340B hospitals in using additional revenue to enhance care for vulnerable patient populations."

    a. Please provide the Committee with a citation, source, and any other evidence substantiating your claim that such philanthropic variability exists because of a lack of transparency, oversight, and accountability of the 340B program.

3. Dr. Patt, In your testimony you state "[b]ecause spending incremental 340B revenue on vulnerable patients is not mandated, some hospitals use these funds to build lavish new towers and enhance executive compensation."

    a. Please provide the Committee a citation, source, and any other evidence that shows how 340B savings are inappropriately and directly absorbed by hospital infrastructure/building funds and by greater executive compensatory allotments.