



Statement for the Record
Submitted to the United States Committee on Energy & Commerce
For the hearing “Opportunities to Improve the 340B Drug Pricing Program”
July 11, 2018

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On behalf of Ascension Texas, we appreciate the opportunity to submit for the record our comments on the 340B Drug Pricing Program. Thank you for holding this hearing to discuss opportunities to improve the 340B program, which benefits the communities we are privileged to serve throughout Central Texas.

340B Program Helps Seton Serve the Most Vulnerable

Seton is the largest charity care provider in Central Texas. We provide \$250 million a year in charity care, and over the past 10 years, we have provided more than \$2 billion to those who need it most in our community. In Fiscal Year 2017, the 340B program allowed Ascension Texas to save approximately \$10 million on the cost of medications. In total, Ascension Texas had drug costs of \$73 million in FY2017. Seton has participated in the 340B program for 12 years, and it has enabled us to extend our resources so that we can provide additional services for those most vulnerable. In addition to charity care, these services include charity pharmacies, prescription drug assistance, charity clinics and community programs for low-income, uninsured patients.

Accessing lower cost medications through the 340B program has enabled us to expand our primary and specialty care clinics that serve the poor and vulnerable in our urban and rural communities. In addition, these savings help us provide clinical and ambulatory pharmacy services, financial assistance to patients who are unable to afford their prescriptions, oncology services, and it helps offset the cost of providing free medical care for the ever-increasing number of uninsured and underinsured patients in our community. Of people who seek care from Seton, 30 to 35 percent are uninsured, underinsured or have Medicaid.

Last year, our patient assistance program served and provided free drugs to 4,702 indigent and underinsured patients. In addition, using the Dispensary of Hope program at our retail pharmacy, 2,261 discharged indigent and underinsured patients received free drugs.

In Texas, Ascension operates Providence Healthcare Network and Seton Healthcare Family, which includes Dell Children’s Medical Center of Central Texas, the region’s only comprehensive children’s hospital and pediatric Level I trauma center, and Dell Seton Medical Center at The University of Texas, the region’s only Level I trauma center for adults. Seton partners with Dell Medical School at The University of Texas at Austin, and shares a common vision of transforming healthcare through a focus on quality and value. Serving Texas for 115 years, Ascension is a faith-based healthcare organization committed to delivering compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable.

Across our national health system in 22 states and the District of Columbia, 46 of Ascension's hospitals participate in the 340B program. Of these, 24 are critical access hospitals (CAHs), 16 are disproportionate share hospitals (DSHs) and the remaining six fall into a variety of other categories, including sole community hospitals, children's hospitals and rural referral centers. Across Ascension, the 340B program provides about \$190 million in assistance with drug costs that is devoted to supporting care for the poor and vulnerable. In total, we provided more than \$1.8 billion in charity care and investments in community benefit programs in FY2017. Even including the savings resulting from our participation in the 340B program, the annual impact that the cost of pharmaceuticals has on the cost of delivering healthcare services within Ascension is \$1.1 billion and growing rapidly. The cost of pharmaceuticals has added more than \$560 million in additional cost just over the last four years to our cost of care.

The purpose of the 340B Drug Discount Program is to "stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." The program is working as intended to provide care for the poor and vulnerable.

Providing High-Quality Oncology Care

Patients who come to receive care at Seton often have no alternatives for care. This is particularly true of those in need of oncology services to treat cancer. Many oncology patients have sought care from Seton when they need to begin a second line of treatment after receiving their first line of treatment at an outside location. Because the second line of treatment can be very expensive and patients may not be able to afford to pay full price for medications, Seton is able to help through our patient assistance programs.

For example, the 340B program allowed Seton to help a patient who had been diagnosed with Juvenile Xanthogranuloma, a disease that attacks the central nervous system. The patient completed her second round of chemotherapy at the Children's Blood & Cancer Center of Dell Children's. Though hospitalized several times, most of her care was provided on an outpatient basis at the Blood & Cancer Center. She also took 30 pills a day, which included an anti-seizure medication and steroids. Due to the high cost of her therapy and drug treatments her family would have incurred a crippling amount of debt in the absence of assistance from Seton.

Seton had close to 1,000 oncology inpatient encounters in FY2017. Of those, 150 were charity care cases. In FY2017, Seton had about 4,500 outpatient oncology encounters, 32 percent of which were charity care, or about 1,440 charity encounters for outpatient oncology treatment.

The Seton Infusion Center (SIC), formerly Shivers Cancer Center, has been providing care for a variety of outpatient services for adult patient-centered care in Austin since 1996 when Seton assumed management of the University Medical Center Brackenridge, now Dell Seton Medical Center at The University of Texas, from the City of Austin. The patient experience at the SIC includes chemotherapy, rehabilitative services, blood product transfusions and biotherapy. The SIC has expanded its services and population served throughout its history, most notably over the last five fiscal years, 2013 through 2017. Total SIC infusion visits related to the uninsured population have risen 17 percent in the last five years, from 3,889 in 2013 to 4,550 in 2017.

The 340B program is especially important for helping to lower the very high cost of oncology treatment. In fact, the savings we receive on oncology and hermatology drugs through the 340B program alone represents 60 percent of our total 340B savings. The savings on cancer drugs are critically important for the services we offer.

We are humbled by the service we are able to provide to the Austin community. However, there is more work to be done. The possibility of the 340B program being curtailed or eliminated is of great concern and would have a devastating impact on our community. In addition, the uncertainty about the future of the program makes it difficult to manage the growing need for care for the those who rely on services that are dependent upon these savings to be viable.

Rising Drug Costs Are Impacting Healthcare

In addition to the growing needs in the community for providing care for the uninsured, rising drug costs are compounding the issue. In addition to fewer people being able to afford their medications, increasing drug costs are creating significant barriers in the move to improve the quality and value of healthcare in our country. Even including the savings resulting from our participation in the 340B program, the annual impact that the cost of pharmaceuticals has on the cost of delivering healthcare services within Ascension is \$1.1 billion and growing rapidly. The cost of pharmaceuticals has added more than \$560 million in additional healthcare costs over the last four years.

The 340B program is helping many organizations, including ours, meet the health needs of low-income and rural patients in Central Texas and nationwide. Under the program, pharmaceutical manufacturers provide outpatient drugs at significantly reduced prices to eligible safety-net providers that treat large numbers of uninsured, vulnerable patients. In turn, the savings from the program allow the entities to stretch resources to further their missions of serving those most in need. When prices on age-old brand name and generic drugs increase with often little explanation, these high costs cascade to patients in higher out-of-pocket costs and higher insurance premiums. These skyrocketing drug costs are making the 340B program as important as ever, and it is working as intended to hold down those costs.

Conclusion

Thank you for the opportunity to weigh in on this important program helping many people throughout Central Texas. To help fund crucial healthcare services to serve more community members, we urge you to preserve the 340B program to provide important drug discounts to charity hospitals and other safety net providers that serve the most vulnerable in our community.

We appreciate the Committee's attention to this critical issue and look forward to working with all stakeholders to ensure the 340B Drug Pricing Program continues to help the communities who need it most.