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**Catholic Health Association of the United States**

**Statement for the  
Subcommittee on Health  
Committee on Energy and Commerce  
U.S. House of Representatives**

**Hearing on “Opportunities to Improve the 340B Drug Pricing Program”**

**July 11, 2018**

The Catholic Health Association of the United States (CHA), the national leadership organization of the Catholic health ministry, representing more than 2,000 Catholic health care sponsors, systems, hospitals, long-term care facilities and related organization across the continuum of care, is pleased to submit a statement for the record on the 340B drug discount program. We appreciate the Subcommittee’s interest in this important program.

As health care facilities guided by the teaching of the Catholic church, CHA and its members are committed to respecting the human dignity of each person, promoting the common good, having special concern for low-income and other vulnerable persons, and being responsible stewards of resources. These foundational beliefs drive our long-standing commitment to ensure that every patient has access to quality care regardless of ability to pay, and that all persons in our communities reach their highest potential for health possible. The 340B program plays an important role in enabling Catholic safety net hospitals to meet these commitments in serving their communities.

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers that participate in the Medicaid program to provide covered outpatient drugs at a discounted rate to safety net and other health care facilities serving low-income, vulnerable communities or remote rural areas. Congress created the program as a response to the high pharmaceutical costs faced by safety net hospitals. The intent was “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” The significant pharmacy discounts available under the program allow hospitals to continue to provide and expand community services that otherwise would not be available to these populations.



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To participate in the 340B program, hospitals must provide a significant level of care to low-income patients or serve rural communities. In 2015 340B hospitals of all types provided \$23.8 billion in uncompensated care<sup>1</sup> and \$51.7 billion in total benefits to their communities.<sup>2</sup> 340B DSH hospitals account for only 38 percent of all Medicare acute care hospitals but they provide nearly 60 percent of all uncompensated care, and are much more likely than non-340B hospitals to offer vital health care services that are often under-reimbursed, including trauma centers, HIV/AIDS services, outpatient alcohol/drug abuse services and immunizations.<sup>3</sup>

We support measures to strengthen the 340B program consistent with its original intent: to allow safety net and rural hospitals to serve more people and provide more comprehensive services by giving these hospitals access to lower cost outpatient drugs. CHA supports improvements such as:

- Adequate funding for the Health Resources and Services Administration (HRSA) to ensure compliance with 340B program requirements
- Steps to make sure that drug manufacturers are not overcharging covered entities, including completion by HRSA of a secure web-based pricing system to allow hospitals to confirm they are being charged the right price
- Rescission of the steep cuts to reimbursement for 340B drugs in the Medicare Outpatient Prospective Payment System (OPPS)
- Immediate implementation of rules allowing HRSA to assess civil monetary penalties (CMPs) against manufacturers that knowingly or intentionally overcharge

We are pleased to support two of the bills under discussion by the Subcommittee. H.R. 4392, a bipartisan bill introduced by Rep. David McKinley (R-WV), would stop the implementation of a 28%, or \$1.6 billion, reduction in Medicare reimbursement for 340B drugs in the OPPS. The Stretching Entity Resources for Vulnerable (SERV) Communities Act, H.R. 6071, introduced by Rep. Doris Matsui (D-CA) would also stop the OPPS 340B cuts. Among its other provisions, H.R. 6071 would codify the current definition of patient, require implementation of the of the HRSA ceiling price website,

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<sup>1</sup> AHA 2015 Annual Survey Data

<sup>2</sup> AHA 340B Community Benefit Analysis, March 2018, accessed at <https://www.aha.org/system/files/2018-03/340b-community-benefit-analysis.pdf>

<sup>3</sup> L&M Policy Research, Analysis of 340B Disproportionate Share Hospital Services to Low-income Patients (March 12, 2018)



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the manufacturer CMP rule and establish parity in auditing of covered entities and manufacturers.

Several other bills are under consideration by the Subcommittee, many of which would have negative effects on the program and the communities who benefit from services supported by 340B. CHA has deep concerns with proposals that would:

- Change the intent of the program
- Take services away from communities by reducing the number of safety net providers who are eligible for 340B, for example by increasing Medicare DSH adjustment percentage eligibility thresholds for disproportionate share hospitals
- Narrow the definition of an eligible individual or restrict patient access to services
- Impose reporting requirements that are unduly burdensome or do not provide information relevant to the program's intent or operation
- Limit the ability of providers to use 340B savings to provide a range of comprehensive services based on community need

It is of utmost importance that the 340B program be maintained and improved. The savings from the 340B program allow safety net and rural hospitals to serve their patients and communities in many ways, according to local need. Many Catholic hospitals rely on 340B savings to, for example, run free and low-cost clinics; to provide infusion and other services in remote or low-income areas; to offer generous financial aid policies as well as programs that provide low-cost or free prescriptions; to maintain critical services that operate at a loss; and to support community benefit programs meeting the identified needs of their service areas. The 340B program plays a crucial role in providing access to health care in the communities served by the ministry.

Thank you again for the Subcommittee's attention to this essential program. As you move forward, please always bear in mind the communities and individuals that rely on 340B for continued access to the health care they need.