

September 22, 2017

The Honorable Ami Bera
United States House of Representatives
1431 Longworth House Office Building
Washington, DC 20515

Dear Representative Bera,

We proudly represent leading organizations providing vital health care and community services and resources to patients, providers and related stakeholders in the Golden State. Together, we serve a large portion of Californians on an annual basis – from patient care, to local health services to enhancing the quality of life of underrepresented and uninsured populations. Today, we are writing on behalf of our collective organizations to urge you to support common sense improvements to the 340B drug discount program.

As you're aware, the 340B drug discount program was created by Congress twenty-five years ago with the best intentions but is not reaching the very individuals it set out to serve: vulnerable or uninsured populations across the United States. The program requires pharmaceutical manufacturers to provide steep discounts on outpatient medications to qualifying "covered entities," such as community health clinics, treatment centers, rural clinics, and disproportionate share hospitals.

Some examples of organizations within your district that qualify as these "covered entities" include:

- Rancho Cordova Community Health Center
- Mercy San Juan Medical Center
- Sacramento Community Clinic on Explorer Drive

The good news about the 340B program is that, when used as intended under the law, it creates better health outcomes for needy patients by increasing access to outpatient medications for the entities providing care to these populations.

The bad news, however, is that poor oversight and lack of clear program rules have led to rapid expansion of the program. It is not clear that vulnerable or uninsured patients, including many Californians, are benefiting from this expansion. Today, DSH hospitals, which are only about 9 percent of 340B entities, represent 80 percent of sales associated with the 340B drug discount program, and they are rapidly expanding. Moreover, another area of growth of the program stems from a 2010 change that expanded the program to for-profit retail pharmacies. A [recent Office of the Inspector General study](#) that scrutinized these arrangements found many of the hospitals required uninsured patients who filled their 340B prescriptions at retail pharmacies to pay full price for their medicines.

Our associations and members are gravely concerned and outraged with the current circumstances. As patient and provider organizations that work diligently to help those in need with high quality, affordable, accessible services and resources every day, we are outraged to learn that some of the 340B participating entities are not using the funds to provide greater access to outpatient medications for needy communities.

But there is, in fact, a golden opportunity for you and fellow members of Congress to remedy this maligned and abused 340B program – and do what’s right for our most disadvantaged in the health care system within your district and across the nation. There are several ways the program should be improved:

1. **Define a 340B Eligible Patient:** A [recent Office of the Inspector General study](#) that scrutinized these arrangements found many of the hospitals required uninsured patients who filled their 340B prescriptions at retail pharmacies to pay full price for their medicines.
2. **Tighten Hospital Eligibility Standards and Curb Incentives for Consolidation:** Tighter rules around which hospitals and patient eligibility are needed to ensure discounts are targeted to facilities truly serving the uninsured or vulnerable. Also changes are needed to curb the financial incentives driving 340B hospitals to acquire community-based physician practices, particularly given the substantial increase in health care costs associated with the site of care shifting from physician offices to hospital facilities in the last decade.
3. **Restrict Contract Pharmacy Arrangements:** Under current guidance, all covered entities are permitted to contract with multiple outside, for-profit retail pharmacies that share in the profits from the 340B program. New policies are needed to address the dramatic growth of contract pharmacy arrangements between 340B entities and for-profit, retail pharmacies.

We hope that we can count on your commitment to modernizing the 340B drug discount program to make sure it delivers on public health objectives, improves outcomes for needy patients and is sustainable for years to come. Patients and families, be it those confronting serious life challenges within our care or any others in California and the nation, deserve nothing less than premium care, attention and resources to give them hope for a better, healthier tomorrow.

We are available and happy to meet with you or your staff to further discuss this issue – and its impact in your district and nationally – anytime if you desire. Thank you for your consideration in support of modernizing and remedying the 340B program so that it reaches and helps those who truly need and deserve those vital medications and resources.

Sincerely,



John Kehoe, President
California Senior Advocates League



William Remak, CEO/President & Board Chairman
California Hepatitis C Task Force



Mariana Lamb, Executive Director
Medical Oncology Association of Southern California



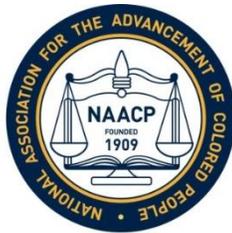
Eliza Lo Chin, Executive Director
American Medical Women's Association

ASSOCIATION OF
NORTHERN CALIFORNIA ONCOLOGISTS

Jose Luis Gonzalez, Executive Director
Association of Northern California Oncologists



William Remak, Chairman
National Association of Hepatitis Task Force



Alice Huffman, California National Board Member
National Association for the Advancement of Colored People



Liz Helms, President & CEO
California Chronic Care Coalition



California
Health Collaborative

Stephen Ramirez, President & CEO
California Health Collaborative



Scott Suckow
California Chronic Care Coalition, San Diego