



April 25, 2018

The Honorable Scott Peters
United States House of Representatives
1122 Longworth House Office Building
Washington, DC 20515

Dear Representative Peters,

We applaud you for leading a bipartisan effort to get the 340B drug discount program back on track despite attacks from organizations taking advantage of the poor oversight and transparency within the program. The health of America's most vulnerable patients depends on the mending of this broken program to ensure its longevity—and your work is the first step to ensuring this happens.

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 thank you for co-sponsoring H.B. 4710, called the “340B Protecting Access for the Underserved and Safety-Net Entities Act,” or 340B PAUSE Act.

As you're aware, the 340B drug discount program was created by Congress twenty-five years ago with the best intentions but the program is not reaching the very individuals it set out to serve: vulnerable or uninsured populations across the United States.

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

- Pomerado Hospital
- Planned Parenthood of Pacific Southwest
- Operation Samahan

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, Disproportionate Share Hospitals (DSH), 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.

The program is having an especially drastic negative effect on California's cancer care programs, where small cancer clinics are being acquired by large 340B hospitals, forcing patients to pay 60 percent more in

treatment costs. In California alone, 124 community cancer clinics have been negatively affected—whether through closing their doors or being acquired by the hospitals in question.

Our associations and members are gravely concerned about the current circumstances. As patient and provider organizations working 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 and services for needy communities.

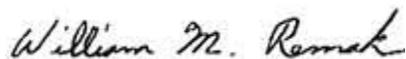
We support the 340B PAUSE Act, which will put a two-year temporary pause on new enrollment of Disproportionate Share Hospitals (DSH) and any new offsite facilities of these hospitals in the 340B program. The two-year moratorium gives Congress and the Health Resources and Services Administration (HRSA), the federal agency that oversees the program, an opportunity to analyze how these hospitals use 340B funds and to ensure the program is helping underserved communities gain access to healthcare services.

In addition, we support common-sense reporting requirements including requiring basic data reporting from hospitals, similar to the data reporting requirements of other 340B participants, to address the ongoing misuse by large hospitals. Basic reporting of how much money hospitals are making from the program, and how they are using the savings to benefit indigent and uninsured patients, will go a long way in keeping these hospitals honest.

We thank you for tackling the issues of lack of transparency and integrity that weaken the 340B drug discount program and impacts cancer patients across the United States. 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. We support the 340B PAUSE Act and applaud your efforts to modernize the 340B program so that it helps expand access to vital health resources for needy patients.

Sincerely,



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Chairman, California Hepatitis C Task Force
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