Paul W. Abramowitz, Pharm.D., Sc.D. (Hon), FASHP
Chief Executive Officer

December 13, 2017

The Honorable David McKinley
U.S. House of Representatives
2239 Rayburn House Office Building
Washington, DC 20515

The Honorable Mike Thompson
U.S. House of Representatives
231 Cannon House Office Building
Washington, DC 20515

The Honorable Bill Johnson
U.S. House of Representatives
1710 Longworth House Office Building
Washington, DC 20515

The Honorable David Kustoff
U.S. House of Representatives
508 Cannon House Office Building
Washington, DC 20515

The Honorable Joe Courtney
U.S. House of Representatives
2238 Rayburn House Office Building
Washington, DC 20515

The Honorable Kathy Castor
U.S. House of Representatives
2052 Rayburn House Office Building
Washington, DC 20515

Dear Representatives McKinley, Thompson, Johnson, Kustoff, Courtney, and Castor:

On behalf of ASHP (American Society of Health-System Pharmacists), I am writing in support of H.R 4392, which would prohibit the Centers for Medicare & Medicaid Services (CMS) from implementing or enforcing a November 13, 2017, final rule that would reduce Medicare Part B payments by an estimated $1.6 billion annually to 340B-participating hospitals that provide a disproportionate share of care to low-income and rural patients. ASHP submitted comments to CMS on the draft rule, and we were disappointed to see that the agency finalized its proposal despite strong opposition by both providers and Congress. ASHP applauds your leadership on this issue.

ASHP's more than 44,000 members are committed to providing patient care that helps patients achieve optimal health outcomes. ASHP helps its members achieve this goal by advocating and supporting the professional practice of pharmacists in hospitals, health systems, ambulatory care clinics, and other settings spanning the full spectrum of patient care. For 75 years, ASHP has been at the forefront of efforts to improve medication use and enhance patient safety.

The 340B Drug Pricing Program is essential to many hospitals' ability to provide care to uninsured and underinsured patients. The discounts received through the program not only enable patient access to free or low-cost medications, but also help offset the total cost of uncompensated care, which may include critical services such as chemotherapy and HIV treatments. Hospitals serving the poor shoulder more of the financial burden of caring for patients who are uninsured or underinsured.[1] Unlike other settings, where insurance

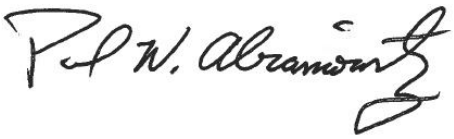
[1] For example, by law, disproportionate share hospitals (DSHs) must serve a disproportionate percentage of low-income patients compared to non-DSH-designated hospitals. *See* 42 U.S.C. § 256b(a)(4)(L)(ii).

coverage or ability to pay may be a requirement for service, covered entities within the federal 340B program are often the sole option for poor or uninsured patients to receive care. Absent discounts on 340B-purchased drugs, many covered entities may struggle to keep their doors open, as they would be unable to absorb the cost of providing uncompensated care to the most vulnerable patients. ASHP is deeply concerned that this rule will curtail patient access to services, increase costs, reduce hospitals' flexibility to allocate resources, and increase regulatory burden. The original intent of the program was to enable covered entities that serve the poor to obtain discounted medications that would offset the uncompensated care for this population.[2] In our comments to the agency, we urged CMS to withdraw this proposal and work with hospitals and other stakeholders to implement policies to address drug costs without counterproductive effects on patient care and access.

Further, Congress did not explicitly grant CMS statutory authority over the federal 340B program — day-to-day operation of the program resides with the Health Resources and Services Administration (HRSA).[3] While we recognize that CMS retains control over Medicare payment policy, we question whether the proposed reimbursement is an attempt to circumvent HRSA to effect federal 340B program changes without statutory authority. If CMS has concerns regarding the size and scope of the federal 340B program, we strongly encourage the agency to work directly with Congress and HRSA to address these issues. Many participants of the federal 340B program would welcome the opportunity to work with HRSA to further improve and strengthen the program.

ASHP thanks you for introducing this important legislation, and we look forward to working with you to move the bill forward. Please contact me with any questions, or have a member of your team contact Christopher Topoleski, Director of Federal Legislative Affairs, at 301-664-8806 or at ctopoleski@ashp.org.

Sincerely,



Paul W. Abramowitz

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2 Veterans Health Care Act of 1992, Pub. L. No. 102-585, § 602, 106 Stat. 4943, codified as Section 340B of the Public Health Service Act at 42 U.S.C. § 256b.

3 See 42 U.S.C. § 256b; See also H.R. Rept. No. 102-384 (Part 2), at 12 (1992) (Conf. Rept.)