



September 18, 2024

We write today to ask Congress to consider the devastating impact hospitals and their patients face from proposals that would restrict the 340B Drug Pricing Program and “site-neutral” restrictions that would cut payments to hospital outpatient departments despite the higher level of care they provide when preparing and administering medications. Taken alone, each of these policy proposals is financially damaging to hospitals, particularly lower-resourced safety-net providers. Together, they will result in extreme financial distress, forcing hospitals to cut services, particularly uncompensated pharmacy services, and in the worst case, close their doors.

In a recent survey of our members working in 340B covered entities that operate facilities that would be impacted by site-neutral payment cuts, 100% indicated that concurrently limiting the 340B program and implementing site-neutral policies would threaten the financial health of their hospital. Over 60% indicated that the changes would force facility closures, and more than 85% indicated they would have to cut patient services. Respondents indicated that a wide range of services would be at risk, including many that are highly beneficial to patients, but not revenue-generating, such as care for vulnerable and underserved populations, copay assistance programs for high-cost medications, behavioral health clinics, maternal and child health services, mobile stroke units, vaccine clinics, transitions of care team, etc. Simply stated, without 340B savings and fair payment for outpatient services, hospitals will not be able to maintain current levels of care and patients will suffer.

The 340B program was created to stretch scarce resources, providing a non-federal funding stream to providers that care for underserved and vulnerable populations. Covered entities have flexibility in how they use 340B savings – whether to expand patient service lines, subsidize patient care, or improve facilities in rural and underserved communities. Regardless of how funds are used to support safety-net care, patients benefit.

Despite the benefit of the 340B program to patients, drug manufacturers are lobbying hard to restrict the ability of covered entities and their partner pharmacies to participate in the program. These proposals range from narrowing eligibility so that many hospitals would be left out of the program, limiting the number and geographic locality of contract pharmacy locations, limiting drugs covered under the 340B program, requiring use of a specific manufacturers’ claims platform, limiting access to specialty drugs by severely restricting use of mail-order pharmacies, and arbitrarily narrowing patient eligibility.

Reducing 340B savings directly threatens the financial stability of our nation’s healthcare providers with no additional federal funding to offset the significant loss of hospital revenue.

Given the financial pressures providers, including hospitals, currently face, in many instances, 340B savings are quite literally keeping 340B hospitals out of the red.

Like the misguided policy proposals to limit the 340B program, site neutrality proposals ignore both the practical and clinical implications of these policies for patient care. These care delivery models are crafted to maximize care quality – seeing patients at hospital outpatient departments allows providers to better coordinate care, improving patient outcomes. Care provided at hospital outpatient departments is often highly complex and complementary to acute care the patient receives from the hospital. This higher standard of care benefits patients, but it is more costly to deliver and cannot be maintained without adequate reimbursement.

We urge policymakers to protect patients and care quality by adopting policies that protect 340B program savings and pay hospital outpatient departments commensurate with the level of care provided. We thank you for your support of your local hospitals and look forward to continuing to work with you to ensure Americans have access to care. If you have questions or if ASHP can assist you in any way, please contact Frank Kolb at fkolb@ashp.org.

Sincerely,

American Society of Health-System Pharmacists
Alabama Society of Health-System Pharmacists
Alaska Pharmacy Association Academy of
Health-System Pharmacists
Arizona Pharmacy Association
Arkansas Association of Health-System
Pharmacists
California Society of Health-System Pharmacists
Colegio de Farmaceuticos de Puerto Rico
Commission of Health-System Pharmacists
Colorado Pharmacists Society
Connecticut Society of Health-System
Pharmacists
Florida Society of Health-System Pharmacists
Georgia Society of Health-System Pharmacists
Illinois Council of Health-System Pharmacists
Indiana Pharmacy Association
Iowa Pharmacy Association
Kansas Council of Health-System Pharmacy
Kentucky Society of Health-System Pharmacists
Louisiana Society of Health-System Pharmacists
Massachusetts Society of Health-System
Pharmacists
Michigan Society of Health-System Pharmacists
Minnesota Society of Health-System
Pharmacists
Missouri Society of Health-System Pharmacists

Nebraska Pharmacists Association
New Hampshire Society of Health-System
Pharmacists
New Mexico Society of Health-System
Pharmacists
New York State Council of Health-System
Pharmacists
New Jersey Society of Health-System
Pharmacists
Ohio Society of Health-System Pharmacy
Pennsylvania Society of Health-System
Pharmacists
Pharmacy Society of Wisconsin
Rhode Island Society of Health-System
Pharmacists
South Carolina Society of Health-System
Pharmacists
Tennessee Pharmacists Association
Texas Society of Health-System Pharmacy
Utah Society of Health System Pharmacists
Virginia Society of Health-System Pharmacists