

December 13, 2017

The Honorable Paul D. Ryan
Speaker of the House
H-232 The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
House Minority Leader
H-204 The Capitol
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Ryan and Leaders McConnell, Schumer, and Pelosi:

On behalf of the organizations listed below, which represent safety net providers that participate in the 340B drug discount program, we write to urge you to enact legislation before the end of the year to block the significant reduction in drug payments to 340B hospitals under the Medicare Part B Outpatient Prospective Payment System (OPPS) scheduled to go into effect Jan. 1, 2018. The 2018 Medicare Hospital OPPS final rule published by the Centers for Medicare & Medicaid Services (CMS) will reduce payments to many 340B hospitals by 28.5 percent. Although the providers we represent are not all directly affected by the payment reduction, we are concerned that this payment cut will take away desperately needed resources that safety net providers use to treat vulnerable patients, inconsistent with the purpose of the 340B program.

Twenty five years ago, Congress enacted the 340B program to give eligible safety-net providers access to discounts to allow these providers to stretch their scarce resources, so that they may “reach more patients” and furnish “more comprehensive services.”¹ Covered entities use 340B savings in a variety of ways to benefit the vulnerable patients they serve. The Government Accountability Office has found that providers use 340B to offset losses incurred from treating some patients, continue providing existing pharmaceutical and clinical services, lower drug costs for low-income patients and serve more patients, and provide additional services, such as case management to facilitate access to appropriate care.² The Medicare payment reduction scheduled to go into effect Jan. 1 is so large that it would exhaust much of the 340B savings that Congress intended these providers receive when it created the 340B program.

Accordingly, we urge you to enact legislation before the end of the year to prevent this payment reduction from taking effect. We thank you for your leadership.

Sincerely,

America’s Essential Hospitals
Children’s Hospital Association
The Hemophilia Alliance
National Association of Counties
National Alliance of State and Territorial AIDS Directors
National Rural Health Association
340B Health

¹ H. Rpt., No. 102-384, Part II, Pg. 12, 102nd Congress, Second Session.

² GAO, Manufacturer Discounts in the 340B Program Offer Benefits, but Federal Oversight Needs Improvement (Sept. 2011), p. 17, at <http://www.gao.gov/assets/330/323702.pdf>.