

Congress of the United States

Washington, DC 20515

September 15, 2020

The Honorable Alex M. Azar
Secretary
U.S. Department of Health and Human Services
200 Independent Ave, SW
Washington, DC 20201

The Honorable Thomas Engels
Administrator
Health Resources and Services Administration
U.S. Department of Health and Human Services
200 Independent Ave, SW
Washington, DC 20201

The Honorable James Macrae
Associate Administrator
Bureau of Primary Health Care
Health Resources and Services Administration
U.S. Department of Health and Human Services

Dear Secretary Azar, Administrator Engels, and Associate Administrator Macrae,

We write today expressing our concerns with the Executive Order on Access to Affordable Life-saving Medications (“Executive Order”) issued July 24, 2020. As issued, the Executive Order targets how the 340B Drug Pricing Program applies to Federally Qualified Health Centers (FQHCs), commonly known as community health centers (CHCs), for two medications – insulin and epinephrine. While we share the goal of tackling high drug prices, we worry that the Executive Order jeopardizes the ability of CHCs to offer affordable medications to our most vulnerable populations under the 340B Drug Pricing Program.

CHCs provide access to affordable, high-quality primary and preventive healthcare to millions of low-income and medically underserved individuals, regardless of their ability to pay. There are more than 1,400 community health centers nationwide providing care at more than 12,000 sites in every state and territory. Together, they serve nearly 30 million patients, 20% of uninsured persons; 91% of those patients are low-income individuals.

Congress created the 340B Drug Pricing Program in 1992 requiring drug manufacturers to sell prescription drugs to safety-net healthcare providers – those that provide care to the nation’s most vulnerable populations – at discounted prices. Because of the 340B Program, health centers have access to outpatient drugs at reduced prices, enabling them to provide accessible pharmacy services and affordable medications to their patients.

The recent Executive Order targeted at CHCs charges they do not pass along savings from two drugs acquired through the 340B Program – insulin and epinephrine – to low-income patients. However, CHCs have proven to be good stewards of the 340B program. CHCs are already providing access to these lifesaving medications at significantly discounted costs to the underserved, uninsured, and underinsured populations they serve.

Targeting CHCs' use of the 340B Program is ill-suited to achieving the goal of providing prescription drugs at lower costs; in fact, it damages this goal by potentially limiting CHCs' ability to participate in both existing programs and innovative new approaches to providing prescription drugs at affordable prices. Even as CHCs continue to provide affordable prescription drugs, every program has costs associated with administering and dispensing prescription drugs. The 340B Program is no exception. Mandating CHCs provide prescription drugs at cost would risk participants having to withdraw from the program, thereby limiting access to affordable prescription drugs for medically underserved patients and further exacerbating the issue of unaffordable prescription drugs for all Americans.

As federal grantees, CHCs are subject to intensive and ongoing oversight from the Health Resources and Services Administration (HRSA), which administers the 340B Program. Further, by law and by mission, savings that result from participation in the 340B Program are used to ensure that medications are affordable for the most vulnerable patients. These savings are also used to offer essential primary care services that would have otherwise been unfunded and therefore unavailable in communities that rely on CHCs. Some examples of those essential services include behavioral health and substance abuse services, oral health care, innovative chronic disease management programs, and numerous community health outreach programs. Our nation's CHCs are trusted safety-net providers committed to ensuring access for all, and right now they are playing a vital role on the frontlines of the fight against COVID-19. It is critical that Congress continue its support of CHCs and their ability to utilize the 340B Drug Pricing Program to provide accessible and affordable medications and care for their patients.

The Executive Order may be well-intentioned, but it is not the solution to our country's high drug prices. We need long-term, sustainable solutions that build on programs that work – like the 340B Drug Pricing Program – and go further. CHCs have consistently supported efforts to reduce drug prices, have demonstrated ability to help their patients access affordable prescription drugs, and are committed to being part of the solutions that reach our shared goal of lower drug prices.

We therefore urge you to rescind or not implement the July 24 Executive Order on Access to Affordable Life-saving Medications to provide administrative clarity and financial certainty for our nation's community health centers.

Thank you for this attention to this important matter.



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