



September 25, 2020

The Honorable Alex M. Azar II  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

Dear Secretary Azar

On behalf of more than 70 hospitals, 17 Federally Qualified Health Centers (FQHCs), and Ryan White program funded clinics in Wisconsin that participate in the 340B discount drug program, we write today with great concerns over recent moves by drug manufacturers to stop paying 340B discounts or create other barriers for those of us participating in this critical program to protect the health of vulnerable Americans. .

As you know, a number of drug manufacturers including Eli Lilly, AstraZeneca, Merck, Sanofi, and Novartis have recently undertaken actions that appear to be in direct conflict with what is required of them under the 340B program. Specifically, some have announced they will no longer offer their drugs at the discounted 340B rate for contract pharmacies and others have announced they will no longer offer the discount unless 340B program participants provide extensive additional data.

These actions are in direct conflict with the 340B statute and the intent of Congress to protect access to health care for vulnerable Americans. The laws and regulations that define participation in the 340B program require drug manufacturers to not exceed the 340B discount price for drugs dispensed by pharmacies – contract or in-house – of 340B covered entities, including hospitals and FQHCs.

We ask your department to immediately notify these offending drug companies that this activity must cease immediately. The statute is clear and HRSA has long recognized that all pharmacies play an important role in administering drugs for our safety-net providers under the 340B program. These aggressive actions by large pharmaceutical manufacturers threaten to undermine the entire program. HRSA rightly recognizes that it is entirely appropriate for covered entities to use both contract and in-house pharmacies to administer 340B prescriptions to patients. In fact, the practice of using multiple pharmacies is done to improve efficiencies, save costs and ensure patient choice in their health care.

Furthermore, HRSA has recognized that contract pharmacies play a key role in expanding access to prescriptions for patients in rural communities, as more than half of Wisconsin's 340B hospitals are themselves located in rural areas. FQHCs are also, by design, located in both rural and urban communities where access to prescriptions can be difficult and Ryan White funded clinics provide

comprehensive health services to people living with and at-risk for HIV and AIDS linking them to life saving and enhancing medications. Drug manufacturers are clearly testing the waters now to see what they can get away with. If HRSA does not act now, will the drug companies get the message that they no longer have to pay any discounts to 340B safety net providers?

It is particularly troubling that drug manufacturers have taken these aggressive moves in the midst of a pandemic where safety net health care providers find themselves on the front lines caring for patients. Hospitals, FQHCs, and Ryan White funded clinics are experiencing a very uncertain financial landscape. From mid-March through most of May, we were unable to serve patients for routine visits due to the need to preserve PPE and concern about transmission in the initial days of the pandemic. While we have transitioned some care to telehealth and have been steadily increasing in-person services for our patients, the outlook remains shaky despite some federal support that has offset a portion of these massive financial losses.

In comparison, profits for pharmaceutical companies continue to soar. Drug manufacturers routinely reap the highest profits in health care, many with large double-digit gains from year-to-year, and did not face the same challenges under COVID as our frontline providers. At the same time, the discounts they are obligated to provide represent only a small fraction – less than 2% of overall drug manufacturer revenue.

The 340B program is a lifeline for our safety-net providers that by definition must serve a disproportionate share of uninsured and low-income patients. These safety-net providers often offer vital services like behavioral health care, free or low-cost dental care, remote dispensing locations, and other important services that support their communities even though they may operate at a financial loss. Without the savings from the 340B discounts, many of these initiatives simply would not be possible.

We again call on you to enforce the requirements of the 340B program for drug companies immediately. Not doing so would send a terrible message that could undermine the viability of the 340B program and jeopardize our ability to provide many of the important services that improve the health and wellbeing of our Wisconsin communities.

Sincerely,



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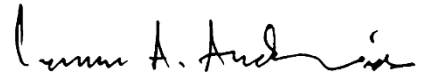
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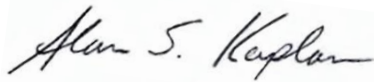
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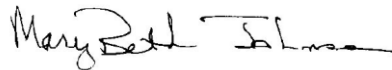
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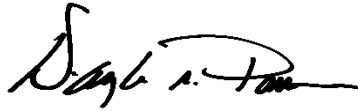
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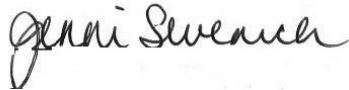
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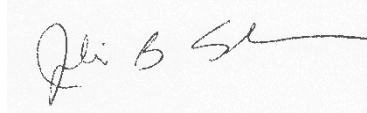
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