



## ADVOCATE. ADVANCE. LEAD.

5510 Research Park Drive  
P.O. Box 259038  
Madison, WI 53725-9038  
608.274.1820 | FAX 608.274.8554 | [www.wha.org](http://www.wha.org)

March 9, 2020

Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W., Room 445-G  
Washington, DC 20201

***Re: CMS–10709, Hospital Survey for Specified Covered Outpatient Drugs; Agency Information Collection Activities: Proposed Collection; Comment Request (Vol. 85, No. 26), February 7, 2020.***

Dear Ms. Verma:

On behalf of our more than 150 member hospitals and integrated health systems, the Wisconsin Hospital Association (WHA) appreciates the opportunity to provide comments on the Centers for Medicare & Medicaid Services' (CMS) notice to survey all 340B hospitals to collect actual acquisition costs for specified covered outpatient drugs. We have significant concerns over the intent and design of the 340B hospital survey, as well as the burden this will place on already overburdened hospitals, and we request that CMS withdraw the survey.

WHA was established in 1920 and is a voluntary membership association. We are proud to say we represent all of Wisconsin's hospitals, including small Critical Access Hospitals, mid- and large-sized academic medical centers. We have hospitals in every part of the state – from very rural locations to larger, urban centers like Milwaukee. In addition, we count close to two dozen psychiatric, long-term acute care, rehabilitation and veterans' hospitals among our members.

### **WHA Supports 340B**

WHA has been a strong supporter of the 340B prescription drug discount program. We take issue with the nearly 30% cuts made to PPS 340B hospitals and other continued efforts of this administration to undermine the success of the 340B program. We believe the program is currently functioning as Congress intended it, by allowing hospitals to stretch scarce federal resources by offsetting a small portion of the losses hospitals experience due to shortfalls in funding in government programs like Medicare and Medicaid, as well as uncompensated care.

### **Wisconsin Hospitals Continue to Face Medicare Underpayments and Growing RX Drug Costs**

In Wisconsin alone, Medicare underpayments grew from \$2.2 billion in 2017 to \$2.5 billion in 2018. Wisconsin hospitals' uncollected bad debt also grew from \$215 million in 2017 to \$228 million in 2018. This government underfunding is projected to only grow as Wisconsin's population ages and more beneficiaries transfer from commercial to Medicare coverage. Much of these costs get passed onto the private sector in a hidden healthcare tax that also acts to drive up the cost of private health insurance premiums

While government funding grows, prescription drugs costs also represent a growing cost for our members that is often beyond their control. According to a 2019 report by NORC at the University of Chicago, an average

hospital saw total inpatient drug spending grow by \$1.8 million from 2015-2017. Meanwhile, outpatient drug spending grew by nearly 30% during the same period. Perhaps most notably, growth in expenditures per hospital admission on inpatient drugs exceeded the Medicare reimbursement update five-fold during the period.

### **340B Helps Hospitals Offset Losses and Aids their Ability to Support their Communities**

Programs like 340B help hospitals offset some of these costs, and also expand important services to local communities they serve. The 340B program has been critical in helping Wisconsin hospitals expand access to lifesaving prescription drugs and comprehensive health care services to low-income and uninsured individuals in communities across the country. In addition to offsetting government underfunding, hospitals use 340B savings to benefit their local communities by expanding access to important health care services. Examples of this include:

- Funding low cost or free dental clinics.
- Funding remote prescription drug dispensing sites, so that folks in rural areas do not have to drive as far to obtain prescription drugs.
- Funding low cost or free health care clinics to ensure people without insurance or with inadequate insurance have access to essential care and affordable medications.

### **This 340B Survey will Add to Hospitals' Already Significant Government Regulatory Burden**

We are concerned that the proposed survey will be used by CMS to continue its policies to reduce Medicare Part B payments to 340B hospitals, thus undermining the intent of the program and harming our ability to care for our patients.

We are also concerned that this survey will significantly add to the burden our hospitals. An average size hospital already dedicates 59 full-time-equivalent positions to regulatory compliance, with over one-quarter of those individuals being physicians and nurses. Time spent on red tape and regulatory compliance results in less time with patients, frustration by providers and burnout. The American Hospital Association estimates the annual cost of hospital regulatory compliance to equate to \$1,200 per hospital admission. 340B hospitals operate on thin margins and already incur considerable costs to ensure compliance with program rules and requirements. These costs include dedicated staff time, as well as complex health information and inventory management systems, and routine internal audits.

This survey would require considerable resources to gather the data requested, convert the data into the requested format, and complete within the time specified. In addition, to complete the survey, our hospitals would need to access and assess proprietary drug prices from their wholesalers. Our 340B hospitals purchase many of their 340B drugs through wholesaler purchasing arrangements. These arrangements are contractual agreements that often include strict non-disclosure conditions that restrict the sharing of any drug pricing information to any entity not party to the contract. These non-disclosure provisions would make it exceedingly difficult for our hospital to share the data necessary to complete the survey in the time specified.

Thank you for the opportunity to provide comments. We urge CMS to withdraw this survey and cease any further Medicare Part B payment policies that will undermine the intent of the 340B program.

Sincerely,



Eric Borgerding  
President & CEO