



July 2, 2018

Dear Members of the U.S. California Congressional Delegation:

On behalf of California's 21 public health care systems and the millions of patients they serve, we are writing to express our support for H.R. 6071, the Stretching Entity Resources for Vulnerable Communities or "SERV Communities Act", which was recently introduced by Congresswoman Doris Matsui. The SERV Communities Act clarifies the intent of the 340B Program, enhances integrity, and eliminates the Medicare Part B drug payment cut for 340B participating hospitals that went into effect last year. Moreover, the legislation helps to support California's public health care systems and our efforts to care for vulnerable, low-income patients, including patients that remain uninsured.

California's 21 public health care systems are the core of the state's health care safety net, delivering high-quality care to all who need it, regardless of ability to pay or insurance status. Most patients seen in public health care systems are either Medicaid beneficiaries or uninsured. Public health care systems provide services to more than 2.85 million Californians annually, provide nearly 30 and 40 percent of hospital care to the state's Medi-Cal and uninsured populations, respectively, and provide 11.5 million outpatient visits each year. Public health care systems also operate half of the state's top-level trauma and burn centers, and train 57% of all new doctors in the state.

The 340B Program was created by Congress in 1992 to allow eligible health care providers to purchase outpatient drugs at a discount. These discounts come directly from pharmaceutical manufacturers, and allow covered entities the ability to stretch scarce resources and reach more eligible patients. The 340B Program is working in California, and helps to support numerous safety-net providers, such as public health care systems, children's hospitals, critical access hospitals, Title X Family Planning Clinics, and Federally Qualified Health Centers, among others, in their efforts to effectively serve some of California's most vulnerable residents. The discounts received under the 340B Program allow providers, as originally intended, to offer essential services such as operating HIV, infusion, and hepatitis C clinics; providing special pharmacy services for Medicaid and uninsured patients; hiring case workers for homeless patients; or providing transportation and delivery services, to name a few examples.

Hospitals and clinics that qualify for the 340B Program must meet strict eligibility criteria and are subject to auditing from the Human Resources and Services Administration (HRSA), to ensure compliance. The SERV Communities Act builds on existing regulation to further clarify the intent of the program, strengthen program integrity, expand program eligibility to safety net systems that provide behavioral health and substance use disorder services, and ensure better compliance and oversight. In addition, the SERV Communities Act also overturns implementation and enforcement of a FY 2018 Medicare Outpatient Prospective Payment System provision, which cut 340B participating hospitals' Medicare Part B drug reimbursement by nearly 30%, undermining the intent of the 340B Program and hospitals' ability to effectively serve their patients.

For these reasons, we support the SERV Communities Act and urge you to sign on as a cosponsor of the bill. California's public health care systems rely on these discounts generated from the 340B Program to offer the highest quality of care to the most vulnerable populations in California.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sarah Hesketh".

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