June 19, 2018

The Honorable Doris Matsui  
U.S. House of Representatives  
2311 Rayburn House Office Building  
Washington, DC 20515

Dear Representative Matsui,

On behalf of our nation’s children’s hospitals and the patients and families we serve, thank you for introducing the Stretching Entity Resources for Vulnerable (SERV) Communities Act. We applaud your leadership in strengthening and protecting the 340B Drug Discount Program.

The 340B program is vital to the 52 children’s hospitals currently participating in the program. On average, more than half of all patients treated at children’s hospitals are covered by Medicaid, which pays approximately 30 percent less compared to Medicare for the same procedures. Children’s hospitals depend on support from programs like 340B to provide the necessary care patients need and to expand vital services in the communities we serve. These services include operating clinics in underserved communities and providing pediatric expertise to physicians and hospitals in rural communities, all while working to improve children’s health regardless of where a child lives.

We applaud the legislation’s recognition that audit parity among manufacturers and covered entities should exist — several children’s hospitals have undergone a Health Resources and Services Administration (HRSA) audit to improve program oversight and manufacturers should be held to the same high standards. Furthermore, we agree that HRSA must be required to implement the 340B ceiling price and civil monetary penalties rule that has been delayed five times. Without the final rule, entities have no guaranteed protections against overcharges — an important component of program integrity. Children’s hospitals also support a reversal of the Medicare Hospital Outpatient Prospective Payment System (OPPS) rule. While independent children’s hospitals were exempted from the final rule, the OPPS rule will negatively impact children being served by Disproportionate Share Hospitals.

On behalf our members, thank you again for introducing the SERV Act. We look forward to working with you and your colleagues to improve and protect the 340B program.

Sincerely,

Jim Kaufman  
Vice President, Public Policy  
Children’s Hospital Association

Champions for Children’s Health