

CHA News Release

For Immediate Release

Contact:

Jan Emerson-Shea
(916) 552-7516 – Office
(916) 804-0663 – Cell
@jemersonshea – Twitter

California Hospital Association Supports New Federal Legislation to Protect 340B Drug Discount Program

Rep. Doris Matsui (D-Sacramento) Introduces Stretching Entity Resources for Vulnerable (SERV) Communities Act

SACRAMENTO (June 12, 2018) – The California Hospital Association (CHA) has announced its support for new federal legislation that would protect and enhance the long-standing 340B drug discount program, which allows safety-net hospitals, community clinics and other providers that serve low-income and vulnerable patients to purchase outpatient medications at a discount from drug manufacturers.

The Stretching Entity Resources for Vulnerable (SERV) Communities Act, is sponsored by Rep. Doris Matsui (D-Sacramento). The act will ensure that hospitals and other safety-net providers can continue to stretch limited financial resources to best serve their patients and communities.

“The savings gleaned from the 340B program allow hospitals to make critical, cost-effective investments to improve the health and well-being of their communities,” said CHA President & CEO Carmela Coyle. “This legislation will improve the integrity and transparency of the program, while enabling hospitals to continue to be exemplary stewards of these vital resources.”

With bipartisan support, Congress created the 340B drug discount program in 1992 to offer financial relief from high prescription drug costs to health care providers who care for low-income and indigent populations. No state or federal dollars are involved with this program. Drug manufacturers provide the discounts directly to eligible hospitals and other providers.

Among the key components of the SERV Communities Act is the requirement that the Secretary of Health and Human Services (HHS) audit 340B health care providers as well as drug manufacturers,

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and mandates that drug manufacturers publicly disclose drug pricing information. Additionally, the act will reverse a January cut in Medicare payments to 340B hospitals for their purchase of outpatient drugs.

“Hospitals and clinics doing life-saving work rely on the 340B program to help them provide inclusive and affordable care in their communities,” said Rep. Matsui.

In California, 175 hospitals qualify for the 340B program and use the subsequent savings to fund such vital patient care services as behavioral health programs, mobile health care clinics, chemotherapy infusion centers, Hepatitis C treatment and inner-city primary care centers. Additionally, many hospitals provide free or discounted drugs and therapies to low-income patients with chronic diseases.

As one of the largest health care trade associations in the nation, CHA represents more than 400 hospitals and health systems in California. The association advocates for patients and hospitals, promotes public health policy and is hospitals’ voice at the state and federal levels. CHA has offices in Sacramento and Washington, D.C.

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