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NATIONAL RURAL HEALTH ASSOCIATION

May 14, 2021

The Honorable Xavier Becerra
Secretary
U.S. Department of Health and Human Services
200 Independence Ave., SW
Washington, D.C. 20201

Dear Secretary Becerra,

On behalf of the National Rural Health Association (NRHA), I want to congratulate you on your successful confirmation to serve as Secretary of the Department of Health and Human Services (HHS or the Department). NRHA looks forward to working with the Biden Administration to enhance health outcomes in rural communities.

NRHA is a non-profit membership organization with more than 21,000 members that provides national leadership on rural health issues. Our membership includes nearly every component of rural America's health care, including rural community hospitals, critical access hospitals, doctors, nurses, and patients. We work to improve rural America's health needs through advocacy, communications, education, and research.

NRHA asks you to continue to uphold the integrity of this critical resource for providers.

The 340B Drug Pricing Program (340B program) has been a vital lifeline for providers, especially in rural America. The program helps safety-net providers across the United States, including more than 1,000 rural hospitals, stretch scarce resources to provide more comprehensive services and care for more patients. In a recent survey of 340B hospitals, 93 percent of rural hospitals reported using savings from the program to keep the doors of their facilities open, and half of those respondents said cuts to 340B savings could trigger a closure. Amid the COVID-19 pandemic, rural providers are needed more than ever.

In rural America, the 340B Drug Pricing Program has allowed financially vulnerable hospitals to continue to serve their rural communities. In Bishop, California, for example, the savings from the program have immensely benefited care in the community. The Northern Inyo Health Care District, a critical access hospital (CAH) in Bishop, serves a community of about 4,000. Through saving from the 340B Drug Pricing Program, Northern Inyo Health Care District is able to fund their obstetric services. Maintaining obstetric care in rural America is vital to helping prevent the maternal morbidity and mortality that disproportionately affects black and American Indian/Alaska Native women in the United States. In Bishop, California, thanks to the 340B Drug Pricing Program, obstetric services can remain in the community and negate the health risks often posed rural mothers and children.

NRHA asks you to take action against 340B program attacks by pharmaceutical manufactures.

We appreciate the Department's efforts to support the program, notably recent comments made in a February 16, 2021, brief for *Eli Lilly and Company, and Lilly USA, LLC v. U.S. Department of Health and Human Services*. In this brief, the Department said, "Lilly and its peers are engaged in a brazen attempt to effect a unilateral sea change in the settled operation of the 340B Program. Congress devised the program to provide affordable medications and much-needed revenue to vulnerable patients and safety-net healthcare providers." NRHA emphatically agrees with the language used by the Department and asks that the language is built upon with firm actions preventing the six large pharmaceutical companies (Eli Lilly and Company, Sanofi-Aventis U.S. LLC, AstraZeneca PLC, Novartis Pharmaceuticals Corporation, United Therapeutics Corporation, and Novo Nordisk, Inc./Novo Nordisk Pharma) from continuing to refuse their statutorily required discounts to 340B hospitals.

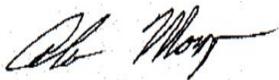
As you know, these tactics being used by the large pharmaceutical manufacturers include efforts to limit the distribution of certain 340B drugs, require 340B covered entities (CE) to utilize a new, contracted third party database, and propose limits on the number of contract pharmacies a 340B provider can utilize. NRHA firmly believes that the actions proposed by these large pharmaceutical manufacturers run contrary to the intent of the 340B Drug Pricing Program statute and the Health Resources and Services Administration's (HRSA) 2010 guidance on contract pharmacy arrangements.

NRHA requests that you direct HRSA to address these reckless attacks by pharmaceutical manufacturers and work to ensure the longevity and integrity of this critical lifeline for rural providers.

NRHA asks HRSA to exercise its statutory authority to regulate these drug companies from further diminishing this lifeline. The statute is clear that manufacturers have to offer 340B prices to CEs. For example, the statute does not say that manufacturers can avoid offering discounts simply because they do not like the manner in which CEs are obtaining them. When rural health providers are reeling in the wake of the ongoing COVID-19 pandemic, it is unfathomable that hospitals are now faced with additional, unnecessary challenges brought on by drug manufacturers.

Again, congratulations on your nomination and successful confirmation to lead HHS. NRHA looks forward to continuing to work with the Department to ensure the integrity and longevity of the 340B Drug Pricing Program. It is simply too critical to rural health care to be undercut at a vulnerable time in our nation's health care system. If you would like additional information, please contact Josh Jorgensen at jjorgensen@nrharrural.org or 202-639-0550.

Sincerely,



Alan Morgan
Chief Executive Officer
National Rural Health Association

CC: Diana Espinosa, HRSA Acting Administrator