Catholic Health Association of the United States

A Passionate Voice for Compassionate Care

May 17, 2023

The Honorable Cathy McMorris Rodgers
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Frank Pallone, Jr.
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Brett Guthrie
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Anna Eshoo
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

Dear Representatives McMorris Rodgers, Pallone, Guthrie, and Eshoo:

On behalf of the Catholic Health Association of the United States (CHA), the national leadership organization representing more than 2,200 Catholic health care systems, hospitals, long-term care facilities, clinics, service providers and organizations, I would like to take this opportunity to express our views on several pieces of legislation being considered by the Energy and Commerce Subcommittee on Health during its May 17th meeting.

Catholic health care with 665 hospitals and more than 700,000 full-time and part-time employees are on the frontlines responding to community needs across our country. They are available and working 24 hours each day to care for their patients amid the continued challenges facing nonprofit health care providers. The last three years have created unprecedented challenges from increased labor and supply costs, changing reimbursement, and unprecedented claims denials, to the increased acuity levels of patients' illnesses, which has created tremendous demands on health care providers to find ways to continue to serve their communities. In light of these realities, we welcome the opportunity to weigh in on the proposed bills being considered by the Energy and Commerce health subcommittee:

- **H.R. 2665, "the Supporting Safety Net Hospitals Act"**

CHA strongly supports the *Supporting Safety Net Hospitals Act.* This legislation would address the scheduled cuts to the Medicaid disproportionate share (DSH) hospital program by eliminating two years of cuts and delaying additional cuts until fiscal year 2026. The Affordable Care Act (ACA) reduced payments to the Medicaid DSH program under the assumption that uncompensated care costs would decrease with the expansion of health care coverage. Unfortunately, the coverage rates under the ACA have not been fully realized and millions of Americans remain uninsured. This reality is compounded by the fact that with the end of the public health emergency, millions of Americans, currently receiving Medicaid face the possibility of losing health care coverage. At a time when health care providers are already experiencing historical financial challenges, they will yet again be asked to meet the needs of those who are uninsured and underinsured. We therefore urge you to come together once again in a bipartisan manner and address the pending Medicaid DSH cuts and protect access to care for our nation's most vulnerable people.

We also support the use of the Medicaid Improvement Fund to offset the cost of eliminating the Medicaid DSH cuts and urge the Committee to ensure that any funding reduction to the Medicaid Improvement Fund only be used on Medicaid policy proposals.

- **H.R. 3290, "To amend title III of the Public Health Service Act to ensure transparency and oversight of the 340B drug discount program" and H.R. 1613, "Drug Price Transparency in Medicaid Act of 2023."**

Congress created the 340B Drug Pricing Program to protect safety-net hospitals from escalating drug prices by allowing them to purchase outpatient drugs at a discount from manufacturers. The intent of the law, as stated in the report language, is to help safety net hospitals to "stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." The 340B program is unique as it is not funded through taxpayer resources but instead allows safety-net hospitals to receive discounts on drugs from pharmaceutical manufacturers, and in return these manufacturers have access to the Medicare and Medicaid markets. 340B hospitals are critical safety net providers, providing 77% of Medicaid hospital care and 67% of our nation's uncompensated care.

H.R. 3290 would create onerous red tape and reporting requirements that are unrelated to how the 340B program operates. These new requirements would only increase costs for providers while failing to demonstrate the true impact of the 340B program in communities.

The proposal would require hospitals to report financial and charity data for each line of service at each outpatient location where services are offered. Such requirements would force hospitals to create and deploy costly new software systems to gather additional data. In addition, the requirements implies that the 340B savings must be restricted to finance programs only at the site where the services are provided. Congress allowed hospitals to use their 340B savings in a manner that best served their patients and communities, regardless of location. This requirement would undermine this intent and restrict providers ability to respond to emerging needs in communities.

Additionally, the requirement to report charity care as part of the 340B program is duplicative of the reporting already done by providers through their IRS Schedule H 990 and creates an assumption that the purpose of the 340B programs is linked to charity care – instead of stretching scarce resources to meet the needs of patients and the community. Hospitals' eligibility for the 340B program is based on the hospitals' Medicaid DSH percentage, not charity care.

Hospitals are already subject to numerous regulatory requirements and reporting obligations on how they use their limited resources to meet patient needs. The 340B program requires 340B covered entities to maintain auditable records on all 340B and non-340B drugs. The Health Resources and Services Administration (HRSA) audits 200 340B providers each year on their compliance with the 340B program requirements.

CHA continues to support voluntarily transparency and accountability in the 340B program through the American Hospital Association's "340B Good Stewardship Principles." These principles allow hospitals to calculate their savings and to disclose their data in a consistent manner to the public. Rather than strengthening the 340B program, HR 3290 would increase costs on health care providers by further exacerbating burdens and would undermine the intended goal of the program.

Regarding the "*Drug Price Transparency in Medicaid Act of 2023*," we urge you to address concerns that the legislation could have unintended consequences on providers who participate in the 340B program. Under the draft bill, it would prohibit states from adopting policies on Medicaid Managed Care Organizations reimbursement levels for 340B drugs. This provision would override existing Medicaid reimbursement practices and laws in a number of states and further restrict the value of the 340B program to communities. We therefore urge you to revise the language in the bill to protect the ability of states to decide the reimbursement methodology for 340B Medicaid MCO drugs that work best for their state.

- **H.R. 2559, "Strengthening Community Care Act of 2023"**

CHA urges you to support H.R. 2559, *the Strengthening Community Care Act of 2023.* H.R. 2559 would extend the Community Health Center fund and the National Health Service Corps until FY 2025. In addition, we welcome the inclusion in the committee's discussion to extend the Teaching Health Center Graduate Medical Education Program.

At a time when providers and community health providers face increasing challenges to meet their community needs, Community Health Centers, National Health Service Corps, and Graduate Medical Education programs targeted to community-based and underserviced communities remain a critically important need. We urge you to support the extension and expansion of these programs.

As Catholic health care providers, we are committed to reducing health disparities, promoting health equity, and ensuring that everyone in our nation has access to affordable health care. CHA stands ready to continue to work with you on strengthening our nation's health system to provide access, coverage, and affordability for everyone. Please feel free to reach out Lisa Smith, Vice President, Advocacy and Public Policy (Lsmith@chausa.org), Lucas Swanepoel, Senior Director of Government Relations (Lswanepoel@chausa.org) or Paulo Pontemayor, Senior Director of Government Relations (Ppontemayor@chausa.org) if you have any questions or concerns.

Sincerely,

Sr. Mary Haddad, RSM
President and CEO