

**Congress of the United States**  
**Washington, DC 20515**

September 27, 2017

Seema Verma  
Administrator  
Centers for Medicare and Medicaid Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Administrator Verma:

The Centers for Medicare & Medicaid Services (CMS) recently proposed in the calendar year 2018 Medicare Outpatient Proposed Rule to cut drastically Medicare hospital payments for hospitals that participate in the Health Resources and Services Administration's 340B Drug Pricing Program. We are deeply concerned that this misguided policy will directly limit the ability of hospitals to offer necessary services to vulnerable patients and their communities, especially low-income individuals and rural communities.

Under the 340B program, eligible hospitals and other covered entities receive discounts on the purchase of prescription drugs. Savings generated from these discounts are reinvested into programs that enhance patient access to care, including but not limited to, providing free or reduced-priced prescription drugs to vulnerable patients. These activities are squarely in line with Congress' intent for the 340B program, "to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." Resources generated from the 340B program have made a significant difference in hospitals' ability to offer critical care to patients, particularly in underserved and rural communities. In addition, the 340B program has been a sound federal investment. Other than modest appropriations to administer the program, the 340B program is self-sustaining in that the financial support hospitals receive is derived from drug manufacturer discounts, rather than through additional federal investments. Unfortunately, CMS' proposed cut in reimbursement for 340B hospitals under the outpatient prospective payment system puts all of the program's many benefits at risk.

Specifically, CMS proposes to pay for separately payable, non pass-through drugs (other than vaccines) purchased through the 340B drug pricing program at the average sales price (ASP) minus 22.5 percent, rather than the current rate of ASP plus 6 percent. While the agency proposes to implement the proposal in an overall budget-neutral manner within the outpatient prospective payment system (OPPS), money currently going to vulnerable 340B hospitals (as much as \$900 million<sup>1</sup>) would be distributed to all hospitals paid under OPPS.

At the same time, we believe CMS' assertion that this proposal would address high drug costs for Medicare beneficiaries is flawed and raises many concerns. It is unclear that this proposal would actually reduce drug costs. While CMS states that its goal is to reduce Medicare beneficiaries'

---

<sup>1</sup> CMS-1678-P, Proposed Rule, Medicare Hospital Outpatient Prospective Payment Program, p. 616 (Federal Register public inspection version)

drug copayments at 340B hospitals,<sup>2</sup> many Medicare patients do not pay their own copayments. According to the Medicare Payment Advisory Commission's analysis, 86 percent of all Medicare beneficiaries have supplemental coverage where their copayments are paid by others. Thirty percent have their copayments paid for by a public program, such as Medicaid, or a Medigap plan.<sup>3</sup> We believe this recommendation would not benefit many Medicare beneficiaries, including dually eligible Medicare beneficiaries.

Given the important role that the 340B program plays in our communities, we strongly urge CMS to abandon this proposal and redirect its efforts toward actions to address the cost of drugs via other policies that would not harm our constituents.

Thank you for your attention this this matter. We welcome the opportunity to discuss this issue further and also to work with you to find meaningful solutions to make prescription drugs more affordable for all Americans.

Sincerely,



**Mike Thompson**  
Member of Congress



**David B. McKinley, P.E.**  
Member of Congress



**David Kustoff**  
Member of Congress



**Rod Blum**  
Member of Congress



**Katherine Clark**  
Member of Congress



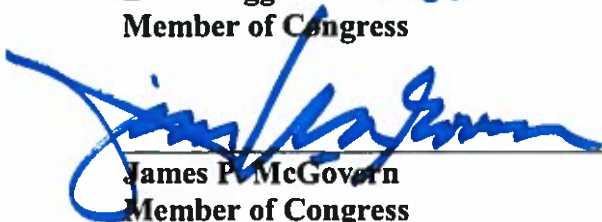
**Joseph P. Kennedy, III**  
Member of Congress



**Brian Higgins**  
Member of Congress



**Eliot L. Engel**  
Member of Congress



**James P. McGovern**  
Member of Congress



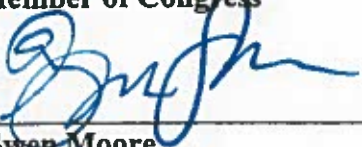
**Mike Rogers**  
Member of Congress

<sup>2</sup> Ibid, p. 305.

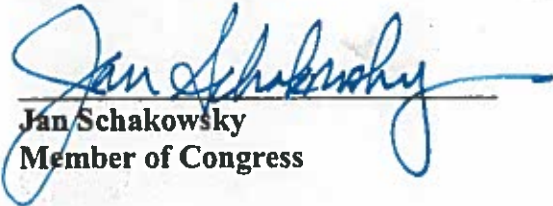
<sup>3</sup> MedPAC, June 2016 Databook, Section 3, p. 27.



**James R. Langevin**  
Member of Congress



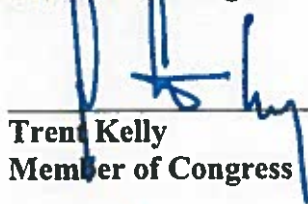
**Gwen Moore**  
Member of Congress



**Jan Schakowsky**  
Member of Congress



**Dave Trott**  
Member of Congress



**Trent Kelly**  
Member of Congress



**John Conyers, Jr.**  
Member of Congress



**Mike Bost**  
Member of Congress



**Ben Ray Lujan**  
Member of Congress



**A. Donald McEachin**  
Member of Congress



**Paul Cook**  
Member of Congress



**Bruce Poliquin**  
Member of Congress



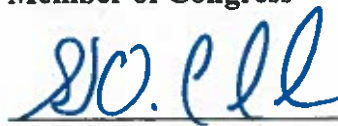
**David Joyce**  
Member of Congress



**Tim Ryan**  
Member of Congress



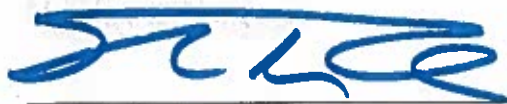
**Roger Marshall**  
Member of Congress



**Salud O. Carbajal**  
Member of Congress



**Ted Deutch**  
Member of Congress

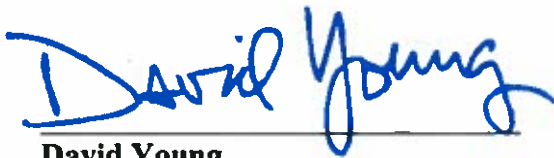


**Cedric Richmond**  
Member of Congress

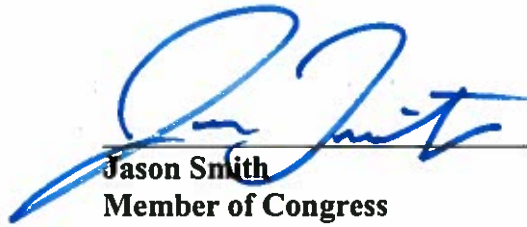


**Kurt Schrader**  
Member of Congress

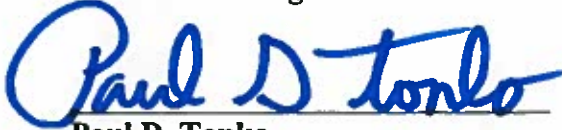




**David Young**  
Member of Congress



**Jason Smith**  
Member of Congress



**Paul D. Tonko**  
Member of Congress



**Terri Sewell**  
Member of Congress



**John Garamendi**  
Member of Congress



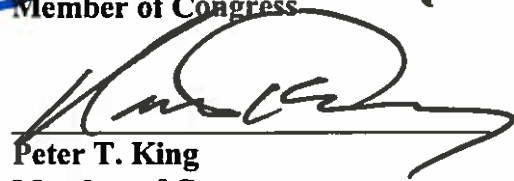
**Joe Crowley**  
Member of Congress



**Robert B. Aderholt**  
Member of Congress



**Bobby L. Rush**  
Member of Congress



**Peter T. King**  
Member of Congress



**Mac Thornberry**  
Member of Congress



**Elise Stefanik**  
Member of Congress



**Randy Hultgren**  
Member of Congress



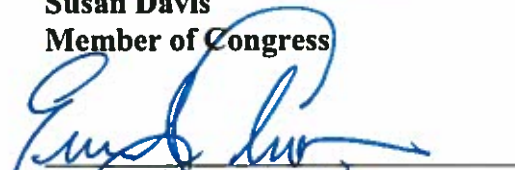
**William R. Keating**  
Member of Congress



**Susan Davis**  
Member of Congress



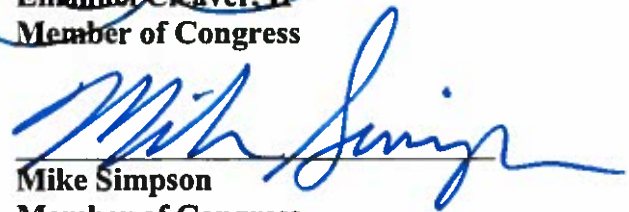
**Danny K. Davis**  
Member of Congress



**Emanuel Cleaver, II**  
Member of Congress



**Debbie Dingell**  
Member of Congress



**Mike Simpson**  
Member of Congress

*Mike Quigley*

Mike Quigley  
Member of Congress

*Albio Sires*

Albio Sires  
Member of Congress

*Marcy Kaptur*

Marcy Kaptur  
Member of Congress

*Jim Renacci*

Jim Renacci  
Member of Congress

*Steve Cohen*

Steve Cohen  
Member of Congress

*Collin C. Peterson*

Collin C. Peterson  
Member of Congress

*Blake Farenthold*

Blake Farenthold  
Member of Congress

*John Duncan Jr.*

John Duncan  
Member of Congress

*Steven M. Palazzo*

Steven M. Palazzo  
Member of Congress

*Doris Matsui*

Doris O. Matsui  
Member of Congress

*Bill Foster*

Bill Foster  
Member of Congress

*Rodney Davis*

Rodney Davis  
Member of Congress

*John B. Larson*

John B. Larson  
Member of Congress

*Claudia Tenney*

Claudia Tenney  
Member of Congress

*Scott Desjarlais*

Scott Desjarlais  
Member of Congress

*Chuck Fleischmann*

Chuck Fleischmann  
Member of Congress

*Scott Tipton*

Scott Tipton  
Member of Congress

*Anna G. Eshoo*

Anna G. Eshoo  
Member of Congress



---

Zoe Lofgren  
Member of Congress



---

C. A. Dutch Ruppberger  
Member of Congress



---

Wm. Lacy Clay  
Member of Congress



---

Jerrold Nadler  
Member of Congress



---

Adriano Espaillat  
Member of Congress



---

Niki Tsongas  
Member of Congress



---

Mark DeSaulnier  
Member of Congress



---

Darin LaHood  
Member of Congress



---

Jared Huffman  
Member of Congress



---

Mike Coffman  
Member of Congress



---

Glenn Thompson  
Member of Congress



---

Lucille Roybal-Allard  
Member of Congress



---

Robert A. Brady  
Member of Congress



---

Jim Himes  
Member of Congress



---

Joe Courtney  
Member of Congress



---

Mike Gallagher  
Member of Congress



---

Raja Krishnamoorthi  
Member of Congress



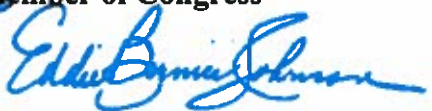
---

Carol Shea-Porter  
Member of Congress





**John J. Faso**  
Member of Congress



**Eddie Bernice Johnson**  
Member of Congress



**Gregg Harper**  
Member of Congress



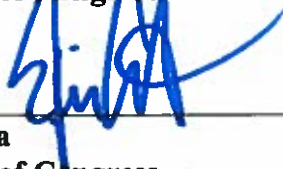
**Juan Vargas**  
Member of Congress



**Joaquin Castro**  
Member of Congress



**Stephanie Murphy**  
Member of Congress



**Jim Costa**  
Member of Congress



**Michael R. Turner**  
Member of Congress



**Dave Loebsack**  
Member of Congress



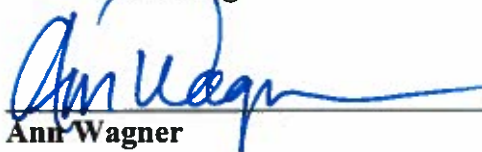
**John Katko**  
Member of Congress



**John Lewis**  
Member of Congress



**Bill Johnson**  
Member of Congress



**Ann Wagner**  
Member of Congress



**Tom O'Halleran**  
Member of Congress



**Cheri Bustos**  
Member of Congress



**Chellie Pingree**  
Member of Congress



**Sean Patrick Maloney**  
Member of Congress



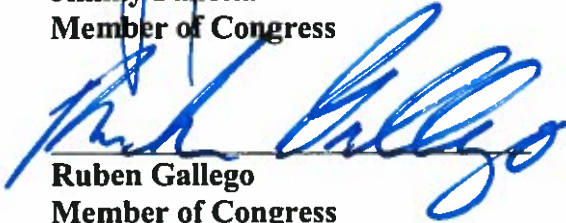
**Bradley Byrne**  
Member of Congress



**Jack Bergman**  
Member of Congress



**Jimmy Panetta**  
Member of Congress



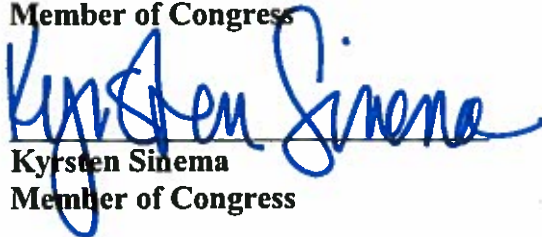
**Ruben Gallego**  
Member of Congress



**Mike Doyle**  
Member of Congress



**Michael E. Capuano**  
Member of Congress



**Kyrsten Sinema**  
Member of Congress



**Earl Blumenauer**  
Member of Congress



**Ted Lieu**  
Member of Congress



**Evan Jenkins**  
Member of Congress



**Tom Reed**  
Member of Congress



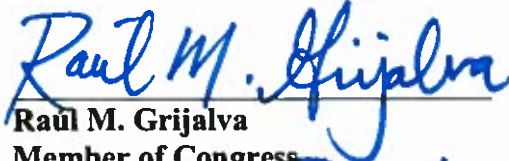
**Yvette D. Clarke**  
Member of Congress



**Colleen Hanabusa**  
Member of Congress



**Don Young**  
Member of Congress



**Raul M. Grijalva**  
Member of Congress



**Rick Crawford**  
Member of Congress



**Louise M. Slaughter**  
Member of Congress



**Suzanne Boamici**  
Member of Congress



**Thomas R Suozzi**  
Member of Congress






**Steve Pearce**  
Member of Congress



**Kathy Castor**  
Member of Congress



**Marcia L. Fudge**  
Member of Congress



**Bob Goodlatte**  
Member of Congress



**Bill Shuster**  
Member of Congress



**Frank LoBiondo**  
Member of Congress



**Jaime Herrera Beutler**  
Member of Congress



**Lou Barletta**  
Member of Congress



**Luis V. Gutiérrez**  
Member of Congress



**Ron Kind**  
Member of Congress



**Val Demings**  
Member of Congress



**Peter A. DeFazio**  
Member of Congress



**Dan Donovan**  
Member of Congress



**Blaine Luetkemeyer**  
Member of Congress



**Elijah Cummings**  
Member of Congress



**Mark Pocan**  
Member of Congress



**Nita Lowey**  
Member of Congress



**Bob Gibbs**  
Member of Congress



**Keith Rothfus**  
Member of Congress



**André Carson**  
Member of Congress



**Bradley S. Schneider**  
Member of Congress



**Brian Fitzpatrick**  
Member of Congress



**Marc Veasey**  
Member of Congress



**Ralph Abraham, M.D.**  
Member of Congress



**Rob Wittman**  
Member of Congress



**Frederica Wilson**  
Member of Congress



**Gregory Meeks**  
Member of Congress



**Nydia Velazquez**  
Member of Congress



**Steve Knight**  
Member of Congress



**Darren Soto**  
Member of Congress



**Seth Moulton**  
Member of Congress



**Denny Heck**  
Member of Congress



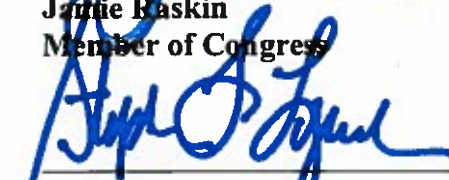
**Rick Larsen**  
Member of Congress



**Jamie Raskin**  
Member of Congress



**Hakeem Jeffries**  
Member of Congress



**Stephen F. Lynch**  
Member of Congress

**Eric Swalwell**  
Member of Congress

**Hal Rogers**  
Member of Congress

**Riek Nolan**  
Member of Congress

**Al Green**  
Member of Congress

**David E. Price**  
Member of Congress

**Lloyd Doggett**  
Member of Congress

**Ed Perlmutter**  
Member of Congress

**Peter J. Visclosky**  
Member of Congress

**Bill Pascrell, Jr.**  
Member of Congress

**José E. Serrano**  
Member of Congress

**Tim Walz**  
Member of Congress

**Derek Kilmer**  
Member of Congress

**Gerald E. Connolly**  
Member of Congress

**Ileana Ros-Lehtinen**  
Member of Congress

**Ann McLane Kuster**  
Member of Congress

**John K. Delaney**  
Member of Congress

**Barbara Lee**  
Member of Congress

**John Moolenaar**  
Member of Congress





**Peter Welch**  
Member of Congress



**Pramila Jayapat**  
Member of Congress



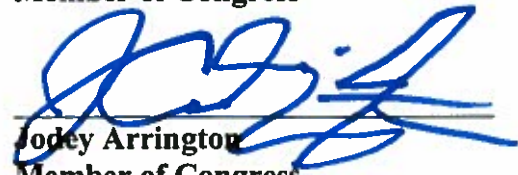
**Michelle Lujan Grisham**  
Member of Congress



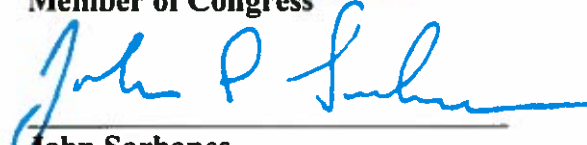
**Kathleen M. Rice**  
Member of Congress



**Clay Higgins**  
Member of Congress



**Jodey Arrington**  
Member of Congress



**John Sarbanes**  
Member of Congress



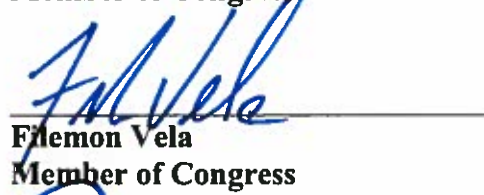
**Mike Johnson**  
Member of Congress



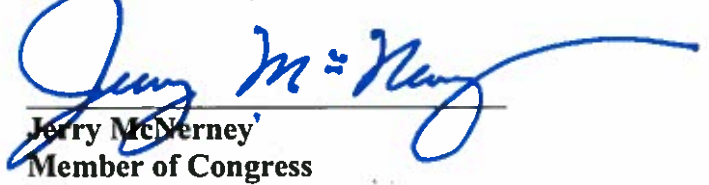
**Sam Graves**  
Member of Congress



**Carolyn B. Maloney**  
Member of Congress



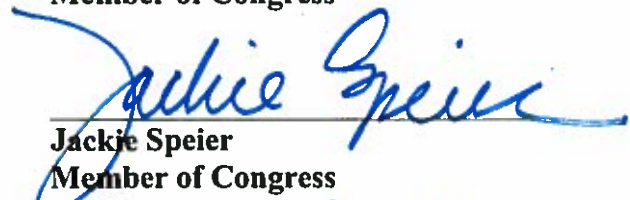
**Filemon Vela**  
Member of Congress



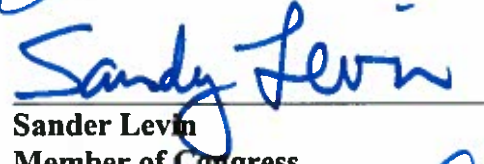
**Jerry McNerney**  
Member of Congress



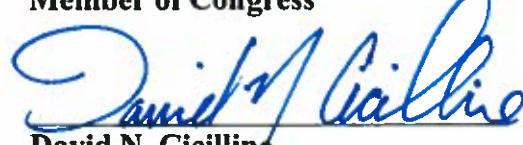
**David Scott**  
Member of Congress



**Jackie Speier**  
Member of Congress



**Sander Levin**  
Member of Congress



**David N. Cicilline**  
Member of Congress



**Brendan F. Boyle**  
Member of Congress



**Alan Lowenthal**  
Member of Congress



Dan Newhouse  
Member of Congress



James Comer  
Member of Congress



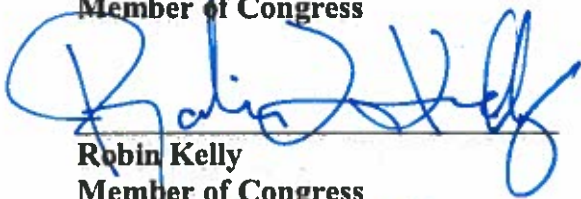
Tulsi Gabbard  
Member of Congress



Elizabeth H. Esty  
Member of Congress



John Yarmuth  
Member of Congress



Robin Kelly  
Member of Congress



Scott Peters  
Member of Congress



Nannette Barragan  
Member of Congress



Hank Johnson  
Member of Congress



Christopher H. Smith  
Member of Congress



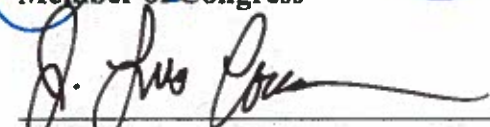
Jacky Rosen  
Member of Congress



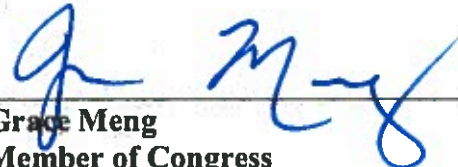
Daniel W. Lipinski  
Member of Congress



Jimmy Gomez  
Member of Congress



J. Luis Correa  
Member of Congress



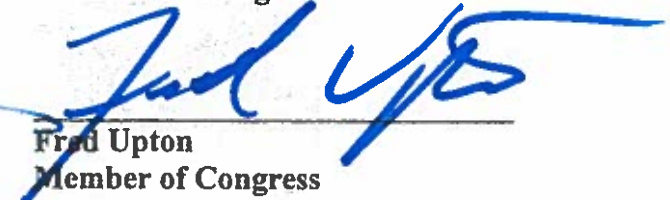
Grace Meng  
Member of Congress



Judy Chu  
Member of Congress



Vicky Hartzler  
Member of Congress

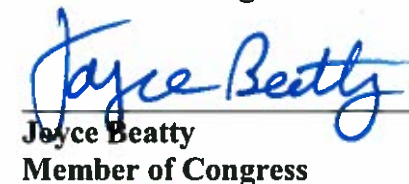


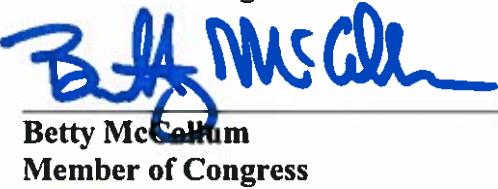
Fred Upton  
Member of Congress

  
Donald M. Payne, Jr.  
Member of Congress

  
Martha Roby  
Member of Congress

  
Brenda L. Lawrence  
Member of Congress

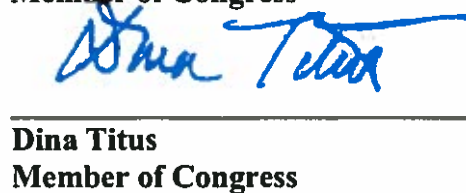
  
Joyce Beatty  
Member of Congress

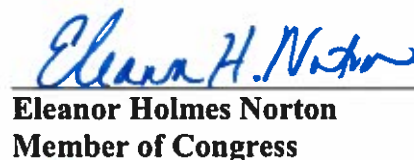
  
Betty McCollum  
Member of Congress

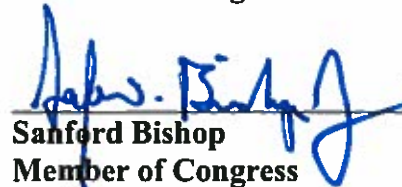
  
Mike Kelly  
Member of Congress

  
Lois Frankel  
Member of Congress

  
Beto O'Rourke  
Member of Congress

  
Dina Titus  
Member of Congress

  
Eleanor Holmes Norton  
Member of Congress

  
Sanford Bishop  
Member of Congress


  
Lisa Blunt Rochester  
Member of Congress

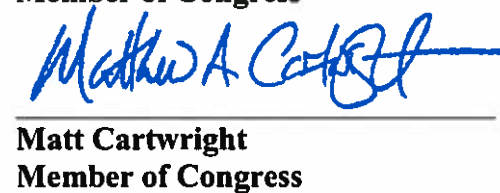
  
Julia Brownley  
Member of Congress

  
Rosa L. DeLauro  
Member of Congress

  
Norma J. Torres  
Member of Congress

  
Dan Kildee  
Member of Congress

  
Dave Reichert  
Member of Congress

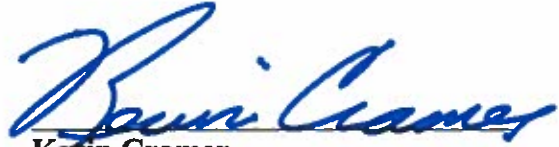
  
Matt Cartwright  
Member of Congress





---

**Steve Stivers**  
**Member of Congress**



---

**Kevin Cramer**  
**Member of Congress**