



December 30, 2020

COVID-19 Transition Team and HHS Transition Leaders,

Community Voices for 340B (“CV340B”) writes today to congratulate President Biden and Vice President-elect Harris on the election and to seek the assistance of the administration in protecting a federal drug discount program, called the 340B Program, that frees up resources for safety net providers so that they are less dependent on taxpayer support to meet the health care needs of their communities. Now, more than ever, we believe that protecting existing resources for front-line community-based, safety net providers should be a paramount concern.

For the past 30 years, the 340B Program has provided a lifeline to federally funded clinics, public hospitals and the communities they serve. Drug manufacturers are required under the 340B statute to offer deep discounts on outpatient drugs to statutorily defined hospitals and clinics, called covered entities, in exchange for the companies’ drugs being covered and reimbursed by the Medicaid and Medicare Part B programs. Covered entities are public or nonprofit providers that are highly dependent on taxpayer support to meet the needs of low-income Americans who are uninsured, underinsured or otherwise unable to pay for their care. The savings they receive through the Program allows them to stretch their scarce resources to support the full continuum of care that their patients require, including case management, medication adherence, diagnostic testing, linkage to other providers, and other vital services that are uncompensated or undercompensated. Simply put, the 340B Program lowers costs and frees up revenue so that safety net hospitals and clinics can meet the health care needs of their communities at no cost to taxpayers.

CV340B is a 510(c)(3) grassroots organization that seeks to raise awareness of the important role that the 340B Program plays in protecting and improving health care access and the quality of care for communities nationwide. CV340B aims to educate, enable, and inspire support for the 340B Program at the local level by helping individuals and community leaders tell their side of the story: why 340B is vital to them and why a sustained and vibrant 340B Program is an essential tool for protecting and improving public health, especially for medically underserved populations. It is the only 501(c)(3) nonprofit organization dedicated exclusively to 340B grassroots advocacy to raise community awareness and support for the 340B Program.

In recent years, the 340B Program has been subject to unprecedented attacks by both the pharmaceutical and insurance industries. Manufacturers want to scale back the Program and payers want to reimburse 340B drugs at lower rates so that they can enjoy the benefits of the Program for themselves. Industry allies in the Trump Administration, Congress and state governments have been pushing 340B reform measures that, if adopted, would undermine the Program and harm public health. For example, covered entities have experienced dramatic 340B-specific cuts in drug reimbursement both within the Medicare Part B program and by



state legislators and regulators intent on reducing Medicaid managed care payments to 340B actual acquisition cost. And, just this summer, several pharmaceutical manufacturers unilaterally stopped abiding by their statutory obligation to offer 340B discounts on drugs dispensed by covered entities through contract pharmacy arrangements. These actions are especially troubling given that many safety net providers that rely on 340B savings are on the front lines of our nation’s fight to treat and control COVID-19.

Given this difficult atmosphere, CV340B was very pleased to see a letter of support from 28 state attorneys general, including California Attorney General Xavier Becerra, this Administration’s nominee to be the next Secretary of Health and Human Services (“HHS”). The letter, sent on December 14, 2020 to current HHS Secretary Alex Azar, urges HHS “to address drug manufacturers’ unlawful refusal to provide critical drug discounts to covered entities” and “provide immediate relief to the health centers and hospitals that have already lost significant cost savings”.<sup>1</sup> This letter offers hope to the 340B community that the Biden Administration will work to protect the continued viability of the 340B Program and to take action against the pharmaceutical manufacturers that have flagrantly chosen to violate their statutory obligations.

With hope, we look forward to a close working relationship with your administration so that, together, we can protect the 340B Program from the serious threats described above and help the Program realize its full potential of fortifying our nation’s safety net for the health of our communities and most vulnerable populations.

George Puckett

A handwritten signature in black ink that reads "G Puckett Jr." in a cursive style.

President, CV-340B  
Chief Executive Officer  
Verity Solutions

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<sup>1</sup> Letter from Xavier Becerra, California Attorney General, to Alex M. Azar, Secretary of HHS (Dec. 14, 2020).  
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