



The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Room H-232  
U.S. Capitol  
Washington, DC 20515

Dear Speaker Pelosi:

We are writing in support of restoring language that extends the 340B program to the inpatient setting in safety net hospitals in the health care legislation recently unveiled by House leadership. We believe the effort to extend 340B shares the goals and objectives of the House health care reform effort, which is to increase access to quality health care while providing savings for both health care providers and taxpayers.

The inpatient extension was included in the legislation that passed the House Energy & Commerce Committee in July and would save more than 800 safety net hospitals millions of dollars on drugs administered in the inpatient setting. In addition, extending the 340B discount to the inpatient setting would benefit the new covered entities the health care reform legislation makes eligible for 340B, such as children's hospitals, free-standing cancer hospitals, and certain rural hospitals. The Congressional Budget Office estimates that extending the 340B discount would save the federal government \$1.7 billion over the next 10 years if enacted.

Currently, the 340B program enables hospitals and other providers that serve a large volume of low-income and uninsured patients to access significant discounts on pharmaceuticals. Although the discounts available through the program are approximately 25% lower than what is available through other purchasing arrangements, they are only available for drugs used in an outpatient setting. Therefore, 340B hospitals are forced to pay significantly more for inpatient pharmaceuticals, amounting to an average of \$1.7 million a year in additional costs per hospital above what they would be paying if those inpatient drugs could be purchased at 340B prices. Moreover, these hospitals must devote significant time and resources managing two separate drug inventories to prevent drug diversion. There is no rational policy for requiring 340B hospitals to pay more for inpatient drugs than outpatient drugs.

Extending 340B to the inpatient setting has extensive bi-partisan support. Stand alone legislation extending the 340B discount to the inpatient setting, H.R. 444, currently has 94 co-sponsors.

We urge you to restore language extending 340B to the inpatient setting to the House health care reform bill. Now is not the time to deprive safety net hospitals from millions of dollars in savings needed to treat the most vulnerable in our communities.

Sincerely,

William von Oehsen  
President & General Counsel  
Safety Net Hospitals  
For Pharmaceutical Access

Larry Gage  
President  
National Association of Public  
Hospitals and Health Systems

M. James Kaufman, PhD  
Vice President, Public Policy  
National Association  
of Children's Hospitals

cc: The Honorable Steny Hoyer; The Honorable Henry Waxman; The Honorable John Dingell