

**Please Provide Responses to the Fields Below Electronically to be Accepted**

**Medicare *Red Tape* Relief Project**

**Submissions accepted by the Committee on Ways and Means, Subcommittee on Health**

**Date:** August 25, 2017

**Name of Submitting Organization:** National Association of Urban Hospitals (“NAUH”)

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**Please describe the submitting organization’s interaction with the Medicare program:**

Private, non-profit urban safety-net hospitals are heavily governed and regulated by federal Medicare law and regulations. These hospitals serve significant numbers of Medicare and especially low-income Medicare patients. They serve a lower proportion of privately insured patients than the typical hospital, making Medicare one of their most important payers.

**Please use the below template as an example of a submission regarding statutory or regulatory concerns, and submit any further concerns past those listed below in a separate Microsoft Word document in the same format. Submissions must be in the requested format or they will not be considered.**

**In the case of listed Appendices, please attach as PDF files at the end of the submission, clearly marked as “Appendix [insert label]”**

**In the case of a multitude of submissions, it is recommended that they be submitted in order of priority for the submitting organization or individual.**

**Short Description:**

In its proposed 2018 Medicare outpatient prospective payment system regulation, the Centers for Medicare & Medicaid Services proposes paying separately payable, non-pass-through drugs purchased at a discount through the section 340B prescription drug discount program at the average sales price of individual drugs minus 22.5 percent rather than the average sales price plus six percent, as it currently does.

**Summary:**

In the words of the Health Resources and Services Administration, which administers the program, the 340B program “...enables covered entities to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Manufacturers participating in Medicaid agree to provide outpatient drugs to covered entities at significantly reduced prices.” The 340B program was created to help safety-net providers that care for especially large numbers of low-income patients and has become a true lifeline for them, enabling them to furnish medicine to patients who would otherwise be unable to afford prescriptions. CMS has proposed in its 2018 outpatient prospective payment system rule to enact a policy specifically designed to withhold those “scarce Federal resources” from 340B-covered entities and redistribute them according to an as-yet undisclosed methodology of its own design. This amounts to CMS essentially usurping the funding source established by Congress to support the 340B program for its own purposes without congressional input on its expenditure.

**Related Statute/Regulation:**

The proposed 2018 Medicare outpatient prospective payment system rule.

**Proposed Solution:**

NAUH urges Congress to compel CMS to withdraw its proposed changes in reimbursement for 340B covered drugs purchased under the Medicare program.