



March 19, 2018

The Honorable Richard Pan, MD
Chair, Senate Budget Subcommittee No. 3
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Joaquin Arambula, MD
Chair, Assembly Budget Subcommittee No. 1
State Capitol, Room 2160
Sacramento, CA 95814

SUBJECT: Oppose Elimination of 340B Drug Discount Program from Medi-Cal

Dear Chair Pan and Chair Arambula:

Providence St. Joseph Health respectfully opposes the Department of Health Care Services' trailer bill language that would eliminate the 340B Drug Discount Program in Medi-Cal. The budget proposal would jeopardize the ability of our fourteen 340B-eligible hospitals to provide free or discounted medications and improve access to care for thousands of vulnerable patients across California. Without the program, our hospitals would be forced to purchase drugs for Medi-Cal patients at the wholesale acquisition cost – which can be more than twice the 340B-discounted price.

Providence St. Joseph Health is a not-for-profit health system that includes a diverse family of organizations dedicated to providing for the needs of communities across our state, with a special focus on those who are poor and vulnerable. In California, we are: Providence Health & Services, including Facey Medical Foundation; and St. Joseph Health, including St. Joseph Heritage Healthcare and St. Joseph Hoag Health Alliance. Working in 18 award-winning hospitals, 238 medical clinics and an array of other care and services, our 36,942 caregivers (all employees) serve with distinction across California.

Our 340B hospitals are lifelines in many communities

The benefits of the 340B program are woven into an extensive safety net. Many of our hospitals serve vulnerable patients on Medi-Cal, as well as those who are uninsured. The program discounts allow our hospitals to use savings to tailor investments to local needs and ultimately improve care across the communities we serve. The 340B program also allows our hospitals to fill important clinical positions including pharmacists who help educate patients and their families on complex medications and provide care coordination after discharge.

Patient care services, clinical positions at risk

If hospitals' ability to participate in the 340B program is eliminated, our safety net hospitals in Humboldt, Sonoma, Napa, Los Angeles, Orange and San Bernardino counties may have to reduce free or discounted medications for uninsured patients with complex and life-threatening medical conditions, reduce or eliminate vital patient care services, and eliminate clinical positions. As a mission-driven organization, we are deeply concerned about jeopardizing access to care.

At risk for our patients and communities in California

- Reduces infusion services for low-income and rural patients with chronic and rare diseases.
- Loss of 24-hour acute care, home health and oncology pharmacy services, as well as other vital services including trauma, stroke and cardiac programs.
- Eliminates a discharge medication program that provides prescription drugs for indigent patients.

- Loss of medication therapy management clinic, bedside medication counseling and medication adherence program that prevents hospital readmissions from medication-related problems.
- Prevents our hospitals from expanding medical and dental care to vulnerable patients in the community.
- Eliminates clinical positions in a variety of specialties that help treat complex medical conditions.
- Jeopardizes case management programs that help discharged patients access post-acute care, specialty care, medical equipment, transportation and housing services.
- Prevents our hospitals from expanding medical respite programs and intensive case management to homeless individuals.

For these reasons, Providence St. Joseph Health urges you to reject DHCS' trailer bill language and direct the Department to work with stakeholders to develop an administrative solution that ensures program integrity.

Sincerely,



Kevin Klockenga
Chief Executive, Northern California Region



Erik Wexler
Chief Executive, Southern California Region

cc: The Honorable Members of the Senate Budget and Fiscal Review Subcommittee No. 3 on Health and Human Services
The Honorable Members of the Assembly Budget Subcommittee No. 1 on Health and Human Services