The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Debbie Stabenow
United States Senate
731 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Shelley Moore Capito
United States Senate
172 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Tammy Baldwin
United States Senate
709 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Benjamin L. Cardin
United States Senate
509 Hart Senate Office Building
Washington, D.C. 20510

July 28, 2023

Response to the Bipartisan Senate Request for Information on the 340B Program

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Senators:

In response to your request for information, Southern Christian Leadership Global Policy Initiative (SCL-GPI) is sharing this letter to advocate for essential reforms to the 340B program. Our organization is deeply committed to supporting the African American community, which has historically faced significant challenges in accessing quality healthcare. With this dedication, we aim to maximize the 340B program's impact, ensuring it effectively serves those it was designed to support.

The 340B program, intended to help vulnerable communities, has become corrupted by hospital executives nationwide looking to enrich themselves rather than serve their patients. This misuse of funds has exacerbated the already immense gap in healthcare equity. Allowing these practices to continue will only perpetuate a system that prioritizes profits over the well-being of patients. Urgent reforms must be implemented to ensure the program's resources actually reach those in need. Congress should take immediate steps to strengthen oversight mechanisms, enhance transparency, and hold participating hospitals accountable for their actions. A reformed 340B program should also prioritize targeted outreach and eligibility criteria, enabling healthcare

facilities in underserved areas to participate actively. Engaging with community-based organizations and leaders over healthcare conglomerates is vital to understand the specific healthcare needs of these communities. By empowering local stakeholders and establishing partnerships with those on the frontline of community healthcare, we can ensure that the program becomes a beacon of hope for the most vulnerable populations.

In 340B's current state, however, we see a grim reality. Executives take advantage of lowered drug costs at hospitals in lower-income communities but fail to reinvest these savings into these hospitals. Instead, they redirect these funds to more affluent communities, increasing the quality of care for wealthier patients. Take, for example, a case from Richmond, Virginia, this past year. Mr. Norman Otey, a 63-year-old man, was rushed to his local hospital after suffering from severe pain. Following blood tests, it was deemed that Mr. Otey was suffering from septic shock and needed to be placed in an I.C.U. immediately. However, Richmond Community Hospital had shut down its I.C.U. five years prior. In the following hours that it took Mr. Otey to be transferred to the nearest I.C.U., he deteriorated greatly and passed away shortly after. This should never have happened. Richmond Community's parent company, Mercy Health, one of the largest nonprofit healthcare chains in the country, netted nearly $1 billion in profits the previous year.[1] Many of these profits come from gutting hospitals such as Richmond Community of their essential services and tools instead of modernizing and improving them. These practices must come to an end. To prevent similar tragedies and foster genuine healthcare equity, a reformed 340B program must penalize hospital executives that partake in these practices to ensure that the funds they receive through the program are reinvested in the hospitals that they come from.

Similarly, Detroit's healthcare landscape bears witness to distressing occurrences. In the Detroit metropolitan area, we see countless hospitals qualifying for 340B benefits that should not. Affluent suburban neighborhood hospitals are able to lay claim to 340B price benefits as they are affiliated with their parent hospital located within urban Detroit.[2] There needs to be a divide between parent hospitals and their satellite affiliates when it comes to qualifying for 340B

[1] How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits - The New York Times (nytimes.com)
[2] https://www.wsj.com/articles/340b-drug-discounts-hospitals-low-income-federal-program-11671553899

pricing. By allowing affluent community hospitals to take advantage of 340B benefits, we are limiting the resources available for the communities who truly need them. Congress must enforce greater oversight and have more stringent regulations for which hospitals can receive 340B prices. If Congress fails to act, we will see 340B continue to be taken advantage of by greedy executives at the expense of underserved populations. As Richmond Mayor Levar Stoney said best, "it is immoral to profit off the backs of Black and Brown residents under the guise of 'healthcare,' and it must cease immediately."

Sincerely,

Kevin Kimble, Esq.
Founder and Executive Director
SCL Global Policy Initiative