

November 9, 2021

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The Honorable Xavier Becerra, J.D.
Secretary of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Becerra,

We are writing to introduce you to our new organization, the Health System Owned Specialty Pharmacy (HOSP) Alliance. We are a non-profit trade association representing health systems around the country with integrated specialty pharmacies.

Many of our HOSP members are safety net hospitals, and range in size from large (more than 5000 beds) to small (fewer than 100 beds). Regardless of size, we all have one thing in common: a model of integrated specialty pharmacy care that delivers high-quality patient outcomes through a coordinated continuum of care and integrated electronic medical records. We do this by simply providing specialty pharmacy services to our own patients. When specialty pharmacy services move outside of the patient's health system and are outsourced to central-fill, "out-of-area" mail order specialty pharmacies, care becomes fragmented. This can result in lower rates of medication adherence, higher instances of disease relapse, and more hospital readmissions, all of which increase the total cost of care to the patient.

We believe that putting the patient first is what drives superior outcomes, which reduces the burden on the healthcare system. This allows our HOSP members to provide better care to additional patients who are often the most vulnerable populations: those who often suffer from the highest cost, most complex diseases, and are underinsured or uninsured. As a result, we firmly believe that our integrated care models result in better outcomes for all of our patients.

To do this, we depend on policies that support safety net providers, such as the 340B program, which allow us to stretch scarce resources to more patients. Other issues that are important to our members include:

- Anticompetitive pharmacy benefit manager (PBM) practices that often result from vertical integration with payers and central fill specialty pharmacies, which:
 - lock out network or drug access and discriminate against 340B providers;
 - impose uncontrollable direct and indirect remuneration (DIR) fees at increasing rates long after the point of sale;

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- mandate mail order delivery of certain infusion drugs (also known as white bagging);
- bifurcated reimbursement rates for 340B covered entities; and
- other discriminatory practices that impact our members and their patients.
- State Medicaid program policy changes that redirect pharmacy benefit 340B reimbursements to the state budget coffers rather than the covered entity providing the services;
- States that limit patient freedom of choice of pharmacy provider;
- Reduced Medicare Part B reimbursement for 340B drugs;
- Drug pricing policies that do not consider the impact of policy changes on 340B providers.

This is a non-exhaustive list of things that "keep us up at night." We understand these are exceedingly complex issues in an even more complex and evolving healthcare ecosystem, but we want to make sure our views are included in the discussions that impact them. In the meantime, we will work to advocate for policies that make a difference for our patients. We hope you will consider us a resource for insight or perspectives on any of these subjects; we are happy to discuss and provide expertise.

Thank you again for all of your efforts; we know that health systems are important to you. We also know that our HOSP members make a meaningful, significant positive difference in patient outcomes, and we encourage you to support policies that help us continue to achieve that goal with every patient that we serve, regardless of income, insurance status, or background.

Sincerely,



Gary Kerr,
President
Health System Owned Specialty Pharmacy Alliance

CC:

Chiquita Brooks-LaSure, Administrator, Centers for Medicare & Medicaid Services
Diana Espinosa, Acting Administrator, Health Resources & Services Administration