

## H.R.6071 - The SERV Communities Act

Date of Introduction: June 12, 2018

Original Sponsor: Rep. Doris Matsui (D-CA)

### Background

For more than 25 years, the **340B drug pricing program** has helped safety-net providers care for low-income and rural patients. The program requires drug manufacturers to sell outpatient drugs at a discount to public and nonprofit hospitals, clinics, and health centers serving high numbers of people with low incomes. Congress created 340B to help providers “stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”

Hospitals use 340B savings to provide free or reduced-cost medicines to patients, to offer vital but often underpaid services critical to low-income patients, and to offset underpayments by Medicaid and other public payers. A recent 340B Health report shows that 340B savings are critical for hospitals to maintain patient care services and access to care for low-income and rural patients. Both disproportionate share (DSH) and rural hospitals reported using savings to maintain or increase uncompensated care (95%) and expand services (89%). Hospitals also reported that if 340B savings were reduced or eliminated they would have to cut back on services offered and the amount of uncompensated care provided. The 340B program has enjoyed strong, bipartisan support since it was signed into law in 1992.

### Summary of H.R. 6071

H.R.6071, “Stretching Entity Resources for Vulnerable Communities Act” (SERV Communities Act) was introduced in the House of Representatives on June 12, 2018. This legislation was meant to clarify the intent of the 340B program, as well as enhance transparency and accountability in the program, and help hospitals carry out their mission to serve vulnerable patient populations. The legislation:

- Reiterates the longstanding purpose of the program – “...stretch scarce resources as far as possible, reaching more patients and providing more comprehensive services than without such program.”
- Codifies 1996 Patient Definition including clarification that the administration may not narrow the definition through guidance or regulation
- Prohibits insurers from discriminating against a covered entity or its contract pharmacy with regard to level or amount of reimbursement for 340B drugs
- Makes improvements to HRSA audits of manufacturers
- Prohibits further delay of Civil Monetary Penalties and establishes deadline for Ceiling Price Website
- Codifies HRSA’s longstanding penny price policy
- Prohibits manufacturers from discrimination against 340B covered entities
- Creates a new category of covered entities
- Rolls back Medicare Hospital Outpatient Payment Cuts for Hospitals (OPPS) for 340B drugs

### 340B Health SUPPORTS H.R. 6071

This legislation is essential to the success of the 340B program in helping safety-net providers meet the health needs of low-income and rural patients across the country. By holding pharmaceutical manufacturers accountable for their actions and providing pricing transparency to the thousands of safety-net providers that participate in the program, the SERV Communities Act will reduce costs and expand access to needed care. The legislation requires HRSA to move forward with assessing Civil Monetary Penalties against manufacturers that overcharge providers and to share 340B prices with providers so they can see when they are being overcharged. The bill would reverse the misguided cut in Medicare Part B payments to 340B hospitals that are weakening providers’ ability to continue to fulfill their mission. The legislation also makes a number of improvements to the 340B program that will provide greater transparency for manufacturers and safety-net providers.

***For these reasons, 340B Health supports H.R.6071,  
and urges Congress to swiftly enact this bill.***

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**Questions?** Contact Kathryn DiBitetto at 202-552-5855 or [kathryn.dibitetto@340BHealth.org](mailto:kathryn.dibitetto@340BHealth.org).

340B Health is a membership organization of more than 1,300 public and private nonprofit hospitals and health systems in the federal 340B drug pricing program.

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