



February 12, 2021

The Honorable Peter Welch (D-VT)
U.S. House of Representatives
2187 Rayburn House Office Building
Washington, DC 20515

The Honorable David McKinley (R-WV)
U.S. House of Representatives
2239 Rayburn House Office Building
Washington, DC 20515

Re: Support for RRCs and SCHs That Participate in the 340B Program

Dear Representatives Welch and McKinley:

The Rural Hospital Coalition (RHC) applauds your efforts to improve access to health care in rural communities and strongly endorses the Closing Loopholes for Orphan Drugs Act (H.R.853), legislation that would clarify the 340B Program's orphan drug exclusion to ensure the exclusion is limited only to the uses for which the drug received orphan designation.

As you know, Congress established the Rural Referral Center (RRC) program to identify and support hospitals that localize sophisticated, tertiary level care in rural communities. Congress created the Sole Community Hospital (SCH) program to maintain access to basic hospital services for beneficiaries in isolated communities. Together, RRCs and SCHs serve as a critical health care safety net for rural populations, and Congress has long appreciated and supported this vital role.

In 2010, Congress sought to make it easier for RRCs and SCHs—along with certain other hospital types, including Critical Access Hospitals—to participate in the 340B Program. However, many of these newly-eligible hospitals are being largely deprived of 340B Program benefits due to court decisions invalidating regulations and broadly interpreting a provision of the law excluding drugs with orphan designation from the program's drug discount requirements.

By clarifying the 340B Program's orphan drug exclusion to explicitly limit the carve-out only to those uses for which the drug received orphan designation, H.R. 853 will ensure that RRCs and SCHs (as well as other specified hospital types) benefit from the 340B Program to the extent that Congress intended, allowing these facilities to continue to provide rural communities with local access to important health care services.

The RHC is pleased to support the Closing Loopholes for Orphan Drugs Act and we look forward to working with you to achieve its passage.

Sincerely,

The Rural Hospital Coalition