



June 4, 2024

Brian Frazee
President & CEO

The Honorable Lisa Blunt Rochester
U.S. Representative
1724 Longworth House Office Building
Washington, DC 20515

Beebe Healthcare
David A. Tam,
MD, MBA
President & CEO
DHA Board Chair

Dear Congresswoman Blunt Rochester,

ChristianaCare
Janice E. Nevin,
MD, MPH
President & CEO
DHA Board Vice Chair

The Delaware Healthcare Association, representing Delaware's hospitals, health systems, and related healthcare organizations, asks for your continued support of the 340B program that helps Delaware safety-net hospitals provide critical support for our patients and communities. We appreciate the opportunity to share with you the importance of this program ahead of the House Energy & Commerce Committee's June 4th subcommittee hearing on this issue.

Bayhealth
Terry Murphy
President & CEO
DHA Board Secretary &
Treasurer

As you know, the 340B program allows hospitals to reduce the price of outpatient pharmaceuticals for patients and expand health services to the patients and communities they serve. Hospitals use 340B savings to help provide a range of services that benefit the underserved in Delaware.

Nemours Children's Health
Mark Marcantano
President
Delaware Valley
Operations

These services may include charity care, free health screenings and vaccines, programs to address food insecurity, other social drivers of health, and more. Statewide, Delaware hospitals provide nearly \$1 billion annually in [community benefit spending](#). This includes nearly \$776 million in the unpaid cost of patient care and more than \$202 million in programs and services that improve the health of our communities.

TidalHealth Nanticoke
Penny Short, MSM, BSN,
RN
President

Hospitals that participate in the 340B program are subject to rigorous oversight and must meet numerous program integrity requirements. 340B hospitals must recertify annually their eligibility to participate in the program and attest to meeting all the program requirements. This includes participating in audits conducted by the Health Resources and Services Administration and maintaining auditable records and inventories of all 340B and non-340B prescription drugs. In addition, nonprofit hospitals report on their investments in programs and services that benefit the community through the IRS tax form 990.

Saint Francis Hospital
James Woodward
President & CEO
Trinity Health Mid-Atlantic Region

Delaware Healthcare Association
Brian W. Frazee
President & CEO

As the cost of drugs continues to rise, the 340B program is more important now than ever before. Significant increases in pharmaceutical and labor expenses are creating financial challenges for hospitals and having a negative impact on hospital margins. In Delaware, statewide operating margin for Delaware's hospitals was -2.55% in 2023. The 340B program allows eligible hospitals that care for a large number of underserved patients to stretch scarce resources in providing care and support for low-income and uninsured individuals. Ensuring

hospitals can continue to utilize the 340B program is critical to preserving access to care for all patients.

Thank you for the opportunity to share more information on the 340B program and its importance to Delaware hospitals and health systems, our patients and communities. We look forward to discussing this issue more with you and your staff as the House Energy & Commerce Committee continues to focus on the 340B program.

Sincerely,

A handwritten signature in black ink that reads "Brian Frazee". The signature is written in a cursive style.

Brian Frazee
President & CEO
Delaware Healthcare Association