



National Association of
Children's Hospitals

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July 14, 2010

The Honorable Henry Waxman
Chairman, House Energy and Commerce Committee
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman,

On behalf of the National Association of Children's Hospitals, I am writing to express our strong support for the Veterans', Seniors' and Children's Health Technical Corrections Act of 2010. Specifically, we deeply appreciate the inclusion of section five, which would clarify that eligible children's hospitals retain access to 340B drug discounts on orphan drugs.

The Health Care and Education and Reconciliation Act of 2010 (HCERA) inadvertently included the children's hospitals in section 2302 of the Act, which excluded discounts for orphan drugs under the 340B Drug Discount program for newly eligible providers. The provision included in the Veterans', Seniors' and Children's Health Technical Corrections Act will provide a much needed technical correction, allowing the children's hospitals to continue to participate in the 340B program.

As you know, children's hospitals were originally added to the list of covered entities in the 340B Drug Discount program through Section 6004 of the Deficit Reduction Act (DRA) of 2005. Children's hospitals were purchasing drugs, including orphan drugs, through the 340B program before HCERA was enacted. The hospitals use most of the 347 drugs that have received orphan drug status on a daily basis.

Since the provision in HCERA eliminating the 340B drug discounts for orphan drugs for children's hospitals is currently effective, it is imperative that a legislative clarification allowing the children's hospitals to retain access to these discounts be enacted as soon as possible. Without this clarification, the hospitals will lose substantial savings from the 340B programs and will be forced to either pay full price for orphan drugs or leave the 340B program entirely.

We urge passage of the Veterans', Seniors' and Children's Health Technical Corrections Act of 2010 and thank you, Chairman Levin, Mr. Dingell and Chairmen Stark and Pallone for advancing this legislation.

Sincerely,

Lawrence A. McAndrews
President & CEO