



**CAROLINA HEALTH CENTERS, INC.
PRESIDENT/CEO REPORT TO THE BOARD OF DIRECTORS
MONDAY, JULY 27, 2020**

Advocacy and Health Policy:

Federal:

- Health Center funding:
 - The pressure on Congress to provide long-term stable authorization of the Health center fund continues.
 - In addition, advocacy is ongoing to remind Congress that the community health centers need to be adequately supported for the duration of the Covid 19 pandemic in any future relief funding packages. This includes extending the Payroll protection Act to include health centers with greater than 500 employees.
- 340B Drug Pricing Program:
 - The 340B legislative and policy arena has been quiet for 12-18 months; however, that has changed dramatically in the past month and the assault on the program is coming from multiple directions:
 - Actions taken by 2 manufacturers – Eli Lilly and Merck – are poised to seriously limit the value of the 340B contract pharmacy model. In late June **Eli Lilly** announced on the HRSA webpage that effective July 1, 2020, it will no longer provide 340B-priced Cialis to contract pharmacies – and HRSA has announced that it will not require them to do so. Policy and legal analysts working with the National Association of Community Health Centers’ 340B Strategic Advisory Group (SAG) believe this to be the “camel’s nose under the tent” – meaning that Eli Lilly will begin to add other drugs to this exclusion list and given HRSA’s lack of enforcement, other manufacturers will follow suit. At about the same time **Merck** issued letters to health centers requesting that they provide data on all claims filled at health center contract pharmacies with Merck drugs, the stated reason being that they want to help protect against duplicate discounts. However, there is reason to believe this data may be used to begin restricting the distribution of 340B priced drugs to contract pharmacies. Merck has stated that if health centers don’t provide this data they will implement more burdensome measures in the future. It is important to note that these efforts are directed at contract pharmacy arrangements and only those entered into by health centers. NACHC’s SAG has met on several occasions over the last month and

developed 2 pronged strategy – one approach being to legally challenge these efforts, and the other being an advocacy/PR campaign based on the devastating impact these actions will have on the capacity of health centers. Health centers have been asked to develop a one-page testimony as to the negative impact on their capacity to serve patients should contract pharmacy be restricted or eliminated. NACHC’s written advisory to the SAG and the plan developed are available to CHC Board members upon request.

- On Friday, July 24, 2020 President Trump held a press conference in which he issued four Executive Orders, one of which requires health centers to sell certain medications at 340B cost, thereby eliminating any margin on those sales. Of concern was the President’s mischaracterization of the health centers as retaining the savings for themselves and charging low income patients full price for their medications. This action was detailed in the July 27, 2020 Monday Message and we will be working through the NACHC to dispel any negative fallout from these comments. Because I am a member of NACHC’s 340B Strategic Advisory Group, we will also be involved in the analysis of the enforceability of this Executive Order and how, if at all it will need to be implemented.

State:

- The 2020 legislative agenda for the South Carolina Primary Care Association includes a request for \$8 million in state funding. This request was reduced to \$5 million in the budget proposal presented by SC DHHS. The state continues to operate under a CR so no decision has been made on the final budget.

CHC Staff and Leadership Development Activities:

- I am currently evaluating the best format for the 2020 performance reviews of the senior leadership. Given the impact of the pandemic, it will be difficult to apply the standard evaluation tools and process. I have reached out for input from the team and hope to roll out a customized self-evaluation questionnaire within the next 2 weeks.

Strategic and Operational Activities

- Administration:
 - Much of the team’s time and attention is – by necessity – focused on our Covid 19 response. The Covid 19 Response Team meets twice weekly and there is a weekly Zoom meeting with all of the providers. A current priority is the development of a framework to ensure that CDC guidelines specific to health care workers are applied consistently to all decisions regarding potential employee exposures. That framework has been finalized, vetted by both the providers and the Covid 19 Response Team (on 7/27/20), and is being rolled out effective immediately. Though we will still have situations that need individual evaluation, this framework provides

uniform direction to supervisors and managers, specifies those situations that will be eligible for Covid related paid leave, and establishes Dr. Simons as the point of contact for evaluating individual cases. An email explaining the general parameters will go out to employees on tomorrow, July 28, 2020.

- Department of Pharmacy:
 - Currently, Dr. Dominic Mellette, Amy Satterwhite, and I are all participating in the 340B Coalition 2020 Summer Conference, which has been converted to a virtual format. It is being attended by 1,200 people. Dom is presenting at three sessions, and I had the honor of sharing the stage with HRSA Administrator Tom Engels for the opening plenary keynote address, and am a panelist in two other sessions.
- Department of Family Medicine/Department of Pediatrics:
 - Both medical departments are operating close to capacity. They are totally focused on balancing the demands of the routine operation with our Covid 19 response, and trying to manage continual Covid related staff shortages.
- Behavioral Health: Nothing new to report. Behavioral Health Coordinator Jessica Jacobs is on maternity leave after the birth of twin boys.

Partnerships and Affiliations:

- NACHC:
 - The Board of Directors and the 3 committees I serve on, as well as the 340B Strategic Advisory Group are meeting regularly in a virtual format.
- CIMS:
 - Meetings are ongoing virtually.
- SCPHCA:
 - Meetings are ongoing virtually.
- Apexus Advisory Council:
 - Meetings have been suspended through the end of the year.
- Apexus 340B University Faculty:
 - All in-person 340B University sessions have been cancelled through the end of the year.
- OCHIN CEO Advisory Council:
 - Meetings are being held virtually and OCHIN has launched several ad-hoc peer support groups that are extremely helpful in sharing and collaborating through the pandemic.

Consulting:

- Consulting engagements completed and billed during the month:
 - Design and coordination of Community Health Center Expert Sessions for the 340B Coalition 2020 Summer Conference is complete. Consulting fee = \$6,875 plus waiver of \$1,000 conference registration.

- Consulting engagements in process:
 - Retained by the Kansas Primary Care Association as a legislative consultant and 340B content expert for the purpose of drafting and introducing state legislation prohibiting discriminatory reimbursement. Hourly rate equals \$125 per hour. Assignment will be ongoing throughout the 2020 session of the Kansas legislature. To date I have completed the following:
 - Consulted with state Pharmacy and Hospital Associations to coordinate efforts with bills they are introducing;
 - Drafted bill language which was introduced on February 11, 2020;
 - Assisted with developing key talking points; and
 - Reviewed written testimonies for health centers that will be appearing at hearings.
 - Update: all work was suspended upon the declaration of the Public Health Emergency.
- Consulting engagements pending:
 - 340B Health has confirmed their intent for CHC to continue in our role of planning and coordinating the Health Center specific sessions for next year's 2021 Winter Conference, which is likely to be held in a virtual format.
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Miscellaneous CEO Activity:

No miscellaneous activity to report.

If you have any questions or would like additional information on any of the above my contact information is as follows:

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Report of travel and personal time since last Board meeting (June 22, 2020)

Business travel

- None – all meetings have been converted to virtual format.

Personal Time:

- Sick leave – 8 hours for physical therapy related to knee surgery.
- Floating holiday: Thursday, July 23, 2020 (8 hours)