

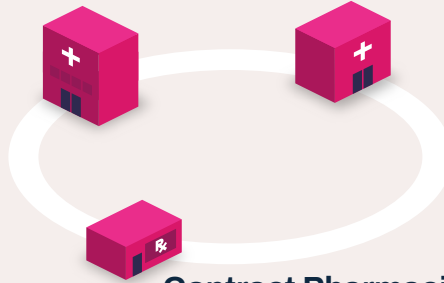
# Overview of the 340B Program

The 340B program is a federal program that requires drug manufacturers to provide outpatient drugs at a reduced price to eligible sites of care.

## Covered Sites

### Covered Entities

An organization that meets eligibility requirements for 340B (i.e., serves low-income and uninsured patients)



### Child Sites

An off-site outpatient clinic or location that is registered with the Health Resources Services Administration

### Contract Pharmacies

A pharmacy that has an agreement with a covered entity to dispense 340B drugs on its behalf

## Covered Drugs



### Outpatient Physician-Administered Drugs

e.g., injectables, infused biologics



### Oral Drugs

e.g., tablets, capsules, powders

## Eligible Patient Groups and Examples



### Medicare

A patient over 65 years receives inpatient and outpatient care at a covered entity and regularly takes capsules for a chronic condition. 340B discounts apply to their physician-administered drugs and their capsules.



### Medicaid<sup>1</sup>

A low-income patient that visits a physician office that is part of a 340B covered entity regularly fills a tablet prescription at a contract pharmacy.



### Commercial

A middle-aged patient with employer-sponsored insurance receives physician-administered drugs every few months at a covered entity and receives regular capsules for a chronic condition.



### Uninsured

A patient with a chronic condition who is uninsured and earns too much to qualify for Medicaid receives outpatient care including physician-administered drugs at a covered entity.



<sup>1</sup> Medicaid patients are eligible for 340B drugs when a covered site of care chooses to "carve-in," which means that the entity uses 340B-priced drugs for Medicaid patients. Patients are not eligible for 340B drugs when the covered entity chooses to "carve-out" which means that the site forgoes 340B discounts for Medicaid patients and only dispenses 340B drugs to non-Medicaid patients.

The 340B program intends to provide covered entities with access to discounted drugs as an effort to stretch limited resources. Despite this intent, there have been adverse consequences which result in downstream impacts to patients, including lack of transparency, higher costs, and decreased Medicaid benefits.

## Providers



**25–50%**

Discount for drugs purchased under the 340B program <sup>1</sup>



**\$46 Billion**

In discounts to 340B hospitals in 2022 <sup>2</sup>



Certain hospitals and Federally Qualified Health Centers are eligible to purchase drugs at a discount under the 340B program. These entities are reimbursed for these drugs at negotiated rates with insurers across all markets. Most covered entities are not required to pass 340B savings to patients or report how these savings are used.

### Key Area of Concern for Patients



Little to no direct cost reduction and/or verified proof that a covered entity expanded services for patients using 340B savings.

## Employers



Manufacturers often negotiate volume-based rebates with employer sponsored plans. These plans typically do not receive these rebates when drugs are purchased at the 340B price. This increases health plan costs which may be passed onto the employer and ultimately employees.

### Key Area of Concern for Patients



Higher insurance premiums



More restrictive benefit designs



Higher out-of-pocket costs

## Taxpayers



Medicare and Medicaid programs are funded by federal and/or state taxpayer dollars. Both programs reimburse covered entities at a rate that is higher than the discounted 340B price at which the drugs can be acquired. Medicaid programs do not receive manufacturer rebates for patients when drugs are dispensed under the 340B program. This can drive federal and state spending in the Medicare and Medicaid programs.

### Key Area of Concern for Patients



Increases in Medicare Part B premiums and cost sharing



Reduced Medicaid benefits

<sup>1</sup>The Commonwealth Fund. (2022). "The Federal 340B Drug Pricing Program: What It Is, and Why It's Facing Legal Challenges." [Available here](#).

<sup>2</sup>Healthspieren. "The 340B Drug Pricing Program: A Small Part of the Prescription Drug Market, Delivering Large Benefits to Patients and Communities." [Available here](#).