

Returning The Focus Back To Patients Over Profits

The 340B drug discount program was set up 25 years ago to help certain health care safety-net providers get access to discounted outpatient medicines for uninsured or otherwise vulnerable patients.

It's Time To Stop Bad Actors Taking Advantage Of The System

Multiple studies have shown that 340B discounts don't always make their way to uninsured or low-income patients. In spite of steep discounts, some vulnerable patients are forced to pay full price at the pharmacy counter.



It's Time We:

Fix the program through legislative and regulatory reform.



Root out abuses that do not best serve patient interests today.



Create accountability measures to ensure low-income patients benefit.



AIR_x340B
Alliance for Integrity and Reform

The 340B Drug Discount Program



Good Intentions
Bad Results



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Time to Get This Vital Program
Back on Track

How Does 340B Work, And How Are Bad Actors Able To Join In?

Manufacturers Provide Drug Discounts



Under 340B, drug manufacturers are required to provide deep discounts (averaging around 50 percent) on outpatient drugs to specified federally-funded clinics and certain hospitals.

Hospitals Treat Patients With Meds Purchased Through 340B, But Vulnerable Communities Don't Always Benefit



Under current rules, hospitals bill for 340B drugs given to commercially-insured patients under their standard, often marked-up, rates. They are then able to charge a higher price to the patient/insurer than the drug cost them to acquire through 340B, keeping the difference as revenue. There are no requirements on how hospitals, their contract pharmacies or offsite outpatient facilities use this 340B revenue, and evidence suggests that many hospitals are not reinvesting 340B revenue into care for uninsured or vulnerable patients. This raises concerns about a program created to help the neediest patients access lifesaving care and treatment.

Hospitals Push Bounds Of Program To Increase Revenue



The Health Resources and Services Administration, which oversees the program, has unilaterally expanded 340B in two ways, going beyond what is even mentioned in the 340B statute. 1) Allowing hospitals to contract with an unlimited number of for-profit retail pharmacies to dispense 340B medicines. The Office of Inspector General found at certain hospitals' contract pharmacies, the 340B discount is not always shared with uninsured patients. 2) Allowing hospitals to expand their access to 340B drugs through offsite outpatient facilities. Enabling 340B hospitals to profit by buying physician practices and converting them to "hospital outpatient departments" drives consolidation, which increases costs for patients and insurers. Studies show these facilities and contract pharmacies are providing limited benefit to patients and are often in areas with low numbers of vulnerable or uninsured patients.

Patients Not Always Seeing Benefits Of 340B

Investigations have shown many hospitals are taking advantage of the 340B program's current tax standards and are pocketing revenue meant to benefit vulnerable or uninsured communities.

"As we look at reforms of 340B to ensure that it serves its purpose of getting medicine as affordable as possible to low-income and uninsured individuals and to support those who do, we certainly want to examine those guardrails."

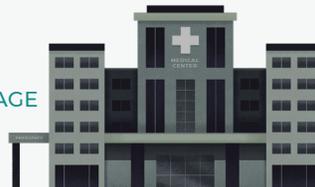
Secretary Alex M. Azar II
Department of Health and Human Services
Oversight of the Department of Health and Human Services Hearing (2018)

"We found no evidence of hospitals using the surplus monetary resources generated from administering discounted drugs to invest in safety-net providers, provide more inpatient care to low-income patients, or enhance care for low-income groups in ways that would reduce mortality."

Sunita Desai, Ph.D., and J. Michael McWilliams, M.D., Ph.D.
The New England Journal of Medicine (2018)

Most 340B Hospitals Provide Below Average Amounts Of Charity Care

64% OF 340B HOSPITALS PROVIDE A BELOW AVERAGE AMOUNT OF CHARITY CARE COMPARED TO ALL HOSPITALS.



340B Continues To Grow Without Evidence That Patients Are Benefiting

Expansion beyond the program's original intentions has put 340B on an unsustainable path.

NUMBER OF PARTICIPATING ENTITIES HAS INCREASED TO MORE THAN

38,000 AND DOUBLED

IN THE PAST 5 YEARS (GAO 2017)

STUDIES HAVE SHOWN THAT DRUG TREATMENT COSTS FOR PATIENTS AT 340B HOSPITALS ARE

3X

THE COST AT NON-340B DISPROPORTIONATE SHARE HOSPITALS (DSH)

(MILLIMAN 2018)

There is a financial incentive at hospitals participating in the 340B program to prescribe more drugs or more expensive drugs.

GAO

Government Accountability Office, 2015

The program was intended to offer affordable medicines to providers focused on low-income Americans, but has now expanded far beyond the original set of providers identified.

Secretary of Health and Human Services, Alex M. Azar II, 2018

