

Issue Brief

340B Drug Pricing Program



What's New

- On July 13, 2017 The Centers for Medicare & Medicaid Services issued a proposed regulation that would significantly reduce how much Medicare pays 340B hospitals for Part B drugs under the Outpatient Prospective Payment System (OPPS).
- CMS wants to reduce Part B drug payments from the current rate of average sales price (ASP) + 6 percent to a much lower rate of ASP – 22.5 percent. The cut would apply to 340B hospitals paid under the OPPS, which does not include critical access hospitals.
- Comments on the proposed regulation will be accepted until September 11, 2017.
- On July 18, 2017 the House Energy and Commerce oversight subcommittee held a hearing on HRSA's oversight of the 340B program.
- There were bipartisan comments supporting giving HRSA broader authority when setting compliance rules, such as around patient definition, contract pharmacy, and manufacturer pricing and nondiscrimination policies.
- The Government Accountability Office (GAO) suggested that the subcommittee consider evaluating the intent of the program, the eligibility criteria for hospitals, and whether regulatory authority is needed in the area of patient definition and program integrity.
- The subcommittee may hold additional hearings and ask hospitals to come testify about the program and how it is being used.
- Presence Health is analyzing the impact of this proposed regulation and will submit comments to CMS that reflect the significant impact on this proposed regulation would have on our ability to care for our communities.

What's the issue

- The federal 340B Drug Pricing Program (340B Program) provides discounted outpatient drugs to government-funded hospitals, health systems and clinics serving low-income patients without using taxpayer dollars.
- By providing outpatient pharmaceuticals at discounted rates, the 340B Program enables hospitals to provide reduced-price drugs to patients, expand comprehensive health services and offset losses from serving patients who cannot pay.
- There are six Presence Health hospitals that are covered entities under the 340B Drug Pricing Program.
- The 340B Program plays an important role in the provision of pharmaceuticals to the vulnerable populations that our hospitals serve and in particular, it has enabled Presence Health hospitals to stretch scarce resources and provide services for underserved and uninsured patients who cannot afford to pay for care.

Why does it matter?

- The 340B Program has helped reduce the high costs of treating our indigent, uninsured and underinsured patients while expanding access to needed medications and services.
- Through the 340B Program, Presence Health hospitals have increased the number of low-income patients we serve. These patients have received life-saving drugs, and the availability of these discounted drugs through the 340B Program has also reduced readmissions.
- As a result, our hospitals have used the savings to invest in programs to meet essential community needs, expand health care services to the community and offset losses from uncompensated care.

What is the Presence Health perspective?

- **340B helps increase access to life-saving drugs without using taxpayer dollars.** Presence Health believes that the 340B program should be both cost-effective and administered with the highest regard to protecting program integrity. We believe the purpose of the 340B program provides hospitals with revenue to increase health services to needy and uninsured patients.
- **340B savings allow hospitals with large uninsured, Medicaid or Medicare populations to serve more patients.** The 340B Program helps create the financial capacity for high volume providers to innovate and move to population health as well as provide community health programs to vulnerable populations.
- **Congress should protect the 340B program.** If the 340B Program were to be restricted, economic consequences would be significant and critical services would be cut back at our Presence Health hospitals. The loss of the savings associated with the prescriptions in the 340B Program would limit our ability to finance a significant amount of community health services that we currently provide to patients.