June 26, 2017

A MESSAGE TO 340B HOSPITALS

The Issue:
The 340B Drug Pricing Program has been in the news recently, and we expect the attention placed on the program to increase over the coming months. The Trump Administration continues to discuss taking action on the issue of prescription drug costs, and it has been reported that the Administration is drafting an executive order on drug prices that could place harmful restrictions on the 340B program by reducing both the number of patients and hospitals eligible to benefit from the program. In addition, the Administration’s 2018 budget request would direct the Department of Health and Human Services to work with Congress to reform the program.

Meanwhile, some members of Congress have indicated they are working on legislation that would make changes to the program. In addition, Republican leaders of the House Energy and Commerce Committee sent a letter earlier this month to the Health Resources and Services Administration (HRSA), saying they are concerned about the 340B program’s alleged “rapid growth without additional oversight” and asked HRSA to provide information on its audits of the hospitals and other covered providers participating in the program. There also are reports the Energy and Commerce Committee will hold an oversight hearing on the program in the coming months.

With increased attention on the program, including a recent article in the Atlanta Journal-Constitution, we wanted to remind you of the importance of our continued advocacy to protect this program.

Our Take:
Created 25 years ago, the 340B program is essential to helping safety-net providers stretch limited resources to better serve their patients and communities. The AHA strongly opposes any efforts to scale back or significantly reduce the benefits of the 340B program. In addition, the AHA supports reasonable program integrity efforts to ensure this vital program remains available to safety-net providers.

Key Messages

Benefits of the Program:

- For 25 years, the 340B program has a proven track record of improving access to prescription drugs – many often life-saving – for low-income and vulnerable patients.
• 340B-eligible hospitals are the safety net for their communities. The 340B program allows these hospitals to further stretch their limited resources and provide additional benefits and services to patients and the community.
• The benefits of improved access to care afforded to 340B hospitals are felt not only by the hospital’s uninsured and low-income patient population, but also by the entire community the hospital serves. The 340B program allows hospitals to:
  o Fund other medical services such as obstetrics, diabetes education, oncology services and other ambulatory services;
  o Provide financial assistance to patients unable to afford their prescriptions;
  o Provide clinical pharmacy services, such as disease management programs or medication therapy management;
  o Provide additional clinics;
  o Provide community outreach programs; and
  o Offer free vaccinations.

340B Working As Intended; Changes Would Benefit Drug Companies, Not Patients

• The 340B program is a small program that has delivered big benefits to vulnerable patients and communities across the country.
• The 340B program is not a financial burden to taxpayers and represents only 2.8 percent of the pharmaceutical industry’s $457 billion in U.S. sales annually. However, the pharmaceutical industry continues to malign the program in hopes of scaling it back or eliminating it – yielding even bigger profits for themselves. This would have devastating consequences for vulnerable populations and communities across the country.
• Growth in the program is due to congressional action to expand eligibility to critical access hospitals, sole community hospitals and rural referral centers. In addition, health care delivery has changed. The volume of outpatient care has increased as inpatient care volume continues to decline. At the same time, the use of expensive specialty drugs has expanded. All of these factors contribute to the growth in the program.
• 340B hospitals must be certified annually to participate and are subject to federal audits to ensure program compliance and integrity.

For More Information:
The AHA has developed a number of resources to help hospital and health system leaders share the positive benefits of the 340B program. Visit AHA’s 340B website at http://www.aha.org/340Balliance for resources.

Further Questions:
For questions on the program, please contact Aimee Kuhlman, senior associate director of federal relations, at akuhlman@aha.org, or Molly Collins Offner, director of policy, at mcollins@aha.org. For media-related questions, please contact Colin Milligan, senior associate director of media relations, at cmilligan@aha.org.