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340B Program Intent

Congressional Intent: Clear and Effective

The 340B program is a carefully constructed policy solution to the high cost of drugs for clinics and hospitals that, due to their mission of serving any patient regardless of ability to pay, are highly dependent on taxpayer support. Congress specifically identified these safety net providers in the statute, called “covered entities,” and required drug manufacturers to give them deep discounts on outpatient drugs as a condition of Medicaid and Medicare Part B covering such drugs. Access to the discounts means that covered entities lose less money on dispensing or administering drugs to uninsured or underinsured patients and make more money on fully insured patients. The net financial benefit, according to the program’s legislative history, “enables *covered entities* to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” H.R. Rep. No. 102-384(II), at 12 (1992) (emphasis added).

340B Serves Public Health

Congress was wise in realizing that the best way to support underserved and medically vulnerable patients was to provide more resources to the safety net clinics and hospitals that are on the front lines of caring for these individuals, at no cost to taxpayers. Since 1992, the 340B program has served as a critical component of this nation’s public health infrastructure. In many communities – particularly low-income areas – safety net providers and the contract pharmacies upon which they rely for dispensing medications offer the only viable pathway to affordable health care for underserved populations. Most covered entities provide medications to needy patients at little or no cost, often below the 340B acquisition cost. But using the program for the sole purpose of lowering patient drug costs would do a grave injustice to patients. The high cost of drugs is just one of many obstacles vulnerable patients face in accessing clinically appropriate health care. The 340B program allows safety net providers to use drug savings to address and mitigate multiple barriers to care that are unique to their patients and communities.

Revising Program Intent Would Take Away Community Control

Restructuring the 340B program as merely a patient drug assistance program would deprive safety net providers of program savings needed to provide more comprehensive care to vulnerable patients, shifting the burden of uncompensated care back to taxpayers. Congress must continue to allow safety net providers to determine the most effective use of their 340B program savings so that they can address their local communities’ unique needs, rather than turning the 340B program into a federally determined, one-size-fits-all patient assistance program.

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