



GET THE FACTS

Discriminatory Practices Undermine the Healthcare Safety Net

PBMs/Other Payers Discriminating Against 340B Safety Net

Increasingly, pharmacy benefit managers (PBMs) and other third-party payers are usurping the benefit of the 340B drug discount program. They do so by offering Ryan White clinics and other 340B covered entities lower reimbursement rates on drugs than those offered to non-340B entities or forcing health care providers to use only selected (and sometimes financially tied) pharmacies. These discriminatory practices are a direct attack on the 340B program because they take the benefit of the 340B program from covered entities for the financial benefit of PBMs and private insurers.

Discriminatory reimbursement undermines and contradicts the purpose of the 340B program. The 340B program’s drug discounts are intended to provide safety net providers with additional financial resources to deliver more comprehensive services to more patients, without increasing the federal budget. The difference between a 340B drug’s lower acquisition cost and standard non-340B reimbursement represents the very benefit that Congress intended to give covered entities when it established the 340B program. The 340B program was not enacted to benefit private insurers and PBMs, especially those that are for-profit. This usurping of 340B savings to communities will mean new costs to state and federal taxpayers.

Harm to Patients

Ultimately, discriminatory reimbursement harms the low-income and medically vulnerable patients that 340B providers serve. Health care providers in the 340B program use 340B savings in numerous ways to benefit the patients they serve, including offsetting losses incurred from treating some patients, maintaining existing pharmaceutical and clinical services, lowering drug costs for low-income patients, serving more patients, and providing new services – such as patient outreach and housing and food assistance – to facilitate access to appropriate care.

States Leading the Way

PBMs must be prohibited from making reduced payments for 340B drugs and other discriminatory practices that result in siphoning off necessary 340B savings. At least twenty-nine states have enacted laws that protect 340B covered entities from discriminatory payer practices. At the federal level, the PROTECT 340B Act of 2023, H.R. 2534 (the “PROTECT Act”) would prohibit discriminatory reimbursement, along with other PBM predatory contracting practices. Passage of the PROTECT Act is urgently needed to protect the 340B program and its participants.

State Laws Prohibiting Discriminatory Reimbursement

