Facts About Pennsylvania’s 340B Drug Pricing Program

340B Drug Pricing Program, Protecting Pennsylvania’s Safety Net

The 340B Drug Pricing Program is a small program with big benefits for patients who are low-income, uninsured, and often elderly or otherwise vulnerable. The program costs American taxpayers nothing outside of auditing and compliance of participating hospitals.

What is the 340B Drug Pricing Program?

Created in 1992, the 340B program requires pharmaceuticals to sell outpatient drugs at discounted prices to health care organizations that care for large numbers of uninsured and low-income patients, serve rural communities, and offer vital services to cancer patients and children.

How Patients Benefit: Many hospitals that participate in the program use the savings to help patients by offering their prescription medications at significantly reduced costs, or no cost at all. Unfilled prescriptions often send patients back to the hospital, and cost is the most common reason for not filling a prescription. As pharmaceutical costs increase, it puts medications out of reach for many patients and their lives at risk.

How the Program Works: 340B hospitals receive discounted medications from pharmaceutical manufacturers and then are able reinvest those savings to reach more patients and provide more comprehensive services. Examples include:

- Trauma care
- Chronic conditions like diabetes and heart disease
- Labor and delivery services
- HIV-AIDS services
- Immunizations

The program also allows the hospital to fund innovative ways to provide communities with new, much-needed services including:

- Healthy food initiatives like fresh food markets
- Community wellness programs
- Transportation services and partnerships to help people get to doctor appointments
- Telehealth investments
- Satellite urgent care centers closer to where patients live

About Pennsylvania’s 340B Hospitals: To qualify for the 340B program, hospitals must:

- Be a not-for-profit facility
- Serve a large number of low-income and uninsured patients
- Recertify annually
- Maintain auditable inventories for 340B and non-340B prescription medications
- Serve low-income populations that do not qualify for Medicare or Medicaid

Eligible Hospitals Include:

- Safety Net Providers
- Critical Access Hospitals
- Sole Community Hospitals
- Children’s Hospitals
- Freestanding Cancer Hospitals
- Rural Referral Centers
By the Numbers

- 48 Pennsylvania hospitals participate in the 340B program
- About half are urban; half are rural
- 80 percent of Pennsylvania’s Critical Access Hospitals are part of the program
- 30 percent of Pennsylvania’s 340B hospitals operate with a negative margin
- 3 in 10 have an average three-year margin of 2.31%, far below the 4–6 percent needed to remain open
- Located in 30 of Pennsylvania’s 76 counties, affecting a large part of the entire state

About the 340B Drug Pricing Program Nationally

- The 340B program accounts for 2.8 percent of the $457 billion in annual drug purchases made in the U.S.
- $3.8 billion of total annual savings for eligible providers
- 340B hospitals provide 62 percent of all uncompensated care that is provided by hospitals

Pennsylvania Map of 340B Hospitals: 48 hospitals in 30 counties across Pennsylvania participate in the 340B program

What Makes This Program More Important Than Ever?

- Spending for prescription drugs grew 9 percent in 2015 after a 12.2 percent increase in 2014. New specialty drugs and therapies are saving lives, but are extremely expensive
- Hospitals that are certified to participate in the 340B program provide crucial health care services while balancing their books on razor-thin margins.
- Hospitals are placing a focus on more primary and preventive care, and shifting expensive inpatient care to more cost-effective outpatient services. This program supports those outpatient services.

WHAT NEEDS TO BE DONE?

Policymakers should continue the 340B program to improve access and quality of care for low-income and uninsured individuals. Given the increasingly high cost of pharmaceuticals, the 340B program remains essential to creating healthier communities.