

THE 340B PROGRAM



What is the problem with the 340B Program?

The 340B Program is a federal program that helps certain hospitals and clinics buy prescription drugs at lower prices. The intent of the program is to allow safety-net providers to save money and use those savings to provide better care for patients, especially those with low incomes.

The problem is that in too many states, those discounts don't help patients at all. The hospitals and pharmacies buy the drugs at low prices, but continue to charge patients the higher price. The 340B hospital, healthcare system or contract pharmacy (including for-profit chains like CVS and Walgreens) might claim that their transactional profit is needed to expand or maintain patient services, but the problem remains: the program is supposed to make medication more affordable for patients, and it's not always working that way.



What can we do at the state level?

There are ongoing court cases and discussions in Congress about the future of 340B. Although it is a federal program, two court cases have put states in the position of regulating certain aspects of the program, specifically around the question of contract pharmacies.

As a result, more than 20 state legislatures introduced bills that would prohibit or limit manufacturers' ability to not extend 340B pricing to contract pharmacies. Policymakers are also looking at ways to enforce existing rules relating to duplicate discounts, diversion and transparency. For example, hospitals are too often unable to show how they use their 340B discounts to benefit patients. In some cases, they are providing free or low-cost care to the communities or truly passing the discount to patients. There are also too many examples of hospitals just pocketing the profits or using them to support unrelated services.



**"340B is intended to help patients, especially low-income patients, have access to the treatments they need. Any other use of the program is inappropriate and unfair."
- Mary Kay Clunies-Ross, CDC Executive Director**

