

Kansas Advocacy Issue

Support the 340B Drug Savings Program

Action Needed

The 340B Drug Savings Program is essential to helping safety-net providers stretch limited resources to increase service to their patients and communities. Congress should reject any efforts to scale back or reduce the benefits of the 340B program.

Since 1992, the 340B Drug Pricing Program has provided financial help to safety net hospitals in managing rising prescription drug costs. Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid and Medicare Part B to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. These organizations include critical access hospitals, sole community hospitals, rural referral centers, children's hospitals, and public and nonprofit disproportionate share hospitals that serve low-income and indigent populations.

In Kansas, more than 75 community hospitals have registered with the U.S. Department of Health and Human Services, Health Resources and Services Administration to participate in the 340B program. According to HRSA, enrolled hospitals and other covered entities can achieve average savings of 25 to 50 percent on pharmaceutical purchases.

In 2020, drug manufacturers began taking action to limit the distribution of drugs through the 340B program. Some enacted requirements for reporting claims data through a third-party platform, or they would refuse to provide 340B drug discounts through contracted entities. Other restrictions also were instituted, like limiting the number of discounted drugs, and limiting the number of contract pharmacies a 340B entity could use. The result has been a significant reduction in 340B savings going to Kansas hospitals who service a large number of low-income and uninsured patients.

KHA urges Congress strengthen the 340B program to reject any changes that would hurt patients and communities. Many 340B hospitals are the safety net for their communities, and the program generates valuable savings for eligible hospitals to reinvest in programs that enhance patient services and provide needed access to care.

Bottom Line:

Many Kansas hospitals serve a disproportionate share of low income and indigent populations. To help these individuals, hospitals enroll in the 340B Drug Savings Program to receive prescription drug savings of 25 to 50 percent. These savings are then pumped into services that improve patient care and access.



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