



Kansas Advocacy Issues January 2019

Support 340B Drug Pricing 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 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, over 75 community hospitals have registered with the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA). According to this same agency, enrolled hospitals and other covered entities can achieve savings of 25 to 50 percent in pharmaceutical purchases.

In the Federal Fiscal Year 2018 Outpatient Prospective Payment System rule, CMS announced that they would pay a reduced rate of Average Sales Price (ASP) - 22.5 percent, rather than the current rate of ASP + 6 percent for nonpass-through separately payable drugs and biosimilar biological products purchased under the 340B program to certain 340B participating hospitals. The estimated impact of this reduction is \$1.6 billion. The Kansas Hospital Association has joined the legal efforts of several national groups to reverse this policy decision and are urging congressional support for H.R. 4392, which reverses the FFY 2018 OPSS reduction.

KHA urges Congress and policymakers to reject any changes to the 340B program 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 access to care.



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Action Needed

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

More Information

Contact your Kansas hospital or Chad Austin, Kansas Hospital Association, to learn more.

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