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

In the Federal Fiscal Year 2019 Outpatient Prospective Payment System rule, CMS cut drug payments to safety-net providers to a reduced rate of Average Sales Price (ASP) - 22.5 percent, rather than the current rate of ASP + 6 percent. 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 is urging congressional support for H.R. 4392, which reverses the OPPS 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 provide needed access to care.

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.

More Information

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