



Summary of NACHC's Report on 340B: A Critical Program for Health Centers

NACHC's [June 2022 report](#) focuses on the importance of the 340B Drug Pricing Program to Community Health Centers and their patients. The 340B Program was created to assist safety-net providers "to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." It also promotes health equity by expanding access to patients in underserved communities by creating savings to address social determinants of health like transportation, food insecurity, life skills training, and social support services. Unfortunately, the program has faced mounting threats recently from pharmacy benefit managers (PBMs) and pharmaceutical manufacturers because:

1. For years, **PBMs have taken advantage of the lack of federal oversight** on their participation in the 340B program through discriminatory contracting practices, which transfers 340B savings away from the health center through unpredictable fees, restrictive contracting terms, and aggressive auditing tactics to lower reimbursement.
2. Starting in [August 2020](#), **pharmaceutical manufacturers** launched an aggressive attack against 340B covered entities by **refusing to ship 340B-priced medications to local pharmacies** that expand the reach of health centers, known as contract pharmacies, unless they turned over claims data.

Below are key findings from NACHC's 340B survey and policy asks to protect the 340B program.

Key Findings from NACHC's 340B Survey:

- Over half (56%) of respondents have an in-house pharmacy, and **86% utilize contract pharmacies**, allowing individual health centers to serve hundreds of zip codes.
- **32% of respondents** estimate that **more than half of their patients would go without needed medications** if they did not have access to 340B discounted medications
 - **88% of respondents** believe that **at least 10% of their patients** would go without needed medications if they did not have access to 340B discounted medications.
 - Nationally, this could translate to 3 million or more patients losing access to prescription drugs due to 340B program restrictions.
- Health center patients with **diabetes, heart disease, and behavioral health needs** rely on medications purchased through the 340B program more than any other patient population.
- **92% of respondents utilize 340B savings to increase access** for low-income and/or rural patients by maintaining or expanding services in underserved communities.
- Access to medication and services supported by the 340B program **positively impacts quality outcomes**: almost 90% of respondents report that their 340B program has led to improved medication adherence, clinical outcomes, and access to care.

Policy Asks:

- **Pass The PROTECT 340B Act:** Sponsored by Reps. David McKinley (R-WV) and Abigail Spanberger (D-VA), this legislation was introduced in July 2021 to create statutory accountability for PBMs and health insurers participating in the 340B program.
 - Creates protections against PBMs' business practices, like [pickpocketing](#) health center 340B savings to make up for their lost revenue, and from health insurers in the commercial market, Medicare Part D, and managed care.
 - Will prohibit health insurers and PBMs from redirecting health center 340B savings to their pockets.
 - Addresses manufacturers' need for more transparency by utilizing a third-party neutral clearinghouse to review claims data to prevent Medicaid duplicate discounts.
- **Introduce Legislation Safeguarding 340B Contract Pharmacies:** Health centers need federal legislation requiring manufacturers to ship 340B price medications to contract pharmacies without any conditions or requirements.
 - Even though Courts have recognized Congressional intent to include contract pharmacies in the 340B statute, it is critical for Congress to amend the 340B statute to expressly include contract pharmacies in the program.
 - Contract pharmacies play an essential role for health center patients by meeting patients where they are in their community.
 - Around 86% of health centers are impacted by manufacturer restrictions on contract pharmacies.
- **Pass State Protections Against PBMs:** Legislation prohibiting PBMs from discriminating against 340B pharmacies has been successful in 22 states thus far.
 - Will ensure health centers receive the 340B savings they are entitled to under the 340B statute, and protect the contract pharmacies they use to dispense discounted medications to their patients while we await consideration of a federal solution.
- **Continuation of the Administrative Dispute Resolution (ADR) Process:** Under the law, covered entities are prohibited from filing lawsuits against manufacturers for violating the 340B statute and can only use the Administrative Dispute Resolution (ADR) process.
 - In January 2021, NACHC filed an ADR petition on behalf of the nation's health centers against drug manufacturers Elli Lilly, AstraZeneca, and Sanofi (the manufacturers restricting shipments to health center contract pharmacies at that time).
 - Manufacturers have done everything in their power to impede the progress of our ADR petition and delay any relief for health centers.
 - If ADR panel finds that manufacturers "overcharged" health centers by refusing to ship 340B price medications to their contract pharmacies, this judgement will set important precedent for future 340B ADR petitions.
- **Pursue Administrative Enforcement:** NACHC encourages the Biden Administration to explore all possible enforcement actions against manufacturers.
 - This includes issuing civil monetary penalties against manufacturers referred by HRSA and enforcing the pharmaceutical pricing agreement between HHS and each pharmaceutical manufacturer participating in Medicaid.