



The **340B Drug Pricing Program (340B)** is a federal program that provides discounts on prescription drugs to eligible Community Health Centers and other safety net providers that serve underserved and low-income patients. Access to discounted medications generates savings that health centers reinvest into affordable health services and medications for their patients.

Health centers use 340B savings to benefit vulnerable patients with additional services, such as:

- Behavioral health services
- Workforce support
- Diabetes education/insulin availability
- Affordable medications
- Services that address social drivers of health

DISCRIMINATORY PRACTICES WITH 340B FUNDS ARE EVIDENT

Pharmacy Benefit Managers (PBMs) understand 340B pharmacies generate savings from drug discounts. They specifically implement unnecessary fees or restrictive policies to siphon 340B savings.

The PBM business model is to manage drug benefits for health insurers. They have become vertically integrated organizations that offer:

PBM

Health Insurance

Operate retail and specialty pharmacies

Provide healthcare services through provider practices

Offer group purchasing



By managing the pharmacy benefit, PBMs negotiate prices with drug manufacturers and set reimbursement rates for pharmacies. PBMs are instrumental in managing the flow of discounted drugs to eligible covered entities.



PBMs treat 340B pharmacies differently from other pharmacies because they have access to discounted medications. By using their vertically integrated business model, PBMs take advantage of the 340B program. Their policies:

- Require health centers to use only their retail pharmacies
- Impose administrative fees on health centers
- Lower reimbursement rates because of a health center's 340B classification

These discriminatory practices allow PBMs to make additional profits from the health center's use of the 340B program, rather than reinvesting the savings into health center patient care. Health centers need all 340B savings for patient care and to meet a wide range of patient needs.

Covered entities, like health centers, have limited options because they must contract with PBMs and health insurers to be in a network for eligible patients. For years, health centers have had unequal bargaining power with vertically integrated healthcare companies like PBMs.

Discriminatory contracting prohibits health centers from providing the full range of services that many of their uninsured and underserved populations need. Health centers need protection from PBMs business practices that take the 340B savings.

ESSENTIAL FEDERAL AND STATE POLICY

Arkansas, Arizona, Louisiana, and many other states have enacted laws to protect health centers and the 340B program from harmful PBM practices. These laws were also enacted to:

- Prohibit PBMs from imposing lower reimbursement rates
- Prohibit a broad range of PBM discriminatory contracting
- Protect 340B pharmacies through state licensure requirements
- Support the PROTECT 340B Act to Prevent Discriminatory Practices

NACHC Resources: 340B Action Alert, 340B: A Critical Program for Health Centers, 340B Improves Health Access for Patients



WE ENCOURAGE CONGRESS TO ENACT THE PROTECT 340B ACT

This bill would prohibit PBMs from discriminatory business practices that redirect health center savings back to PBM's revenue streams. The PROTECT 340B Act would help protect the 340B Drug Pricing Program from abuse and ensure health centers can continue to provide affordable medications and health services to underinsured and underserved patients.