

HOW DOES THE 340B DRUG PRICING PROGRAM BENEFIT PATIENT CARE?

The 340B Drug Pricing Program was established to provide Community Health Centers with resources that enable them to offer affordable medications and healthcare services to underserved and vulnerable patients and communities. The 340B program requires drug manufacturers participating in Medicaid to provide outpatient drugs to eligible safety-net providers, like health centers, at significantly reduced prices.

HEALTH CENTERS RELY ON FEDERAL FUNDING TO:



Expand access to health care
in underserved communities



Provide affordable care
to uninsured patients



Provide enabling services like
education and transportation

340B DISCOUNTS AND SAVINGS

The discounts generated from 340B for drugs prescribed to health center managed care patients can go right back into patient care. Health centers use these savings for direct primary care and services like behavioral health, dental care, and more.

Nearly half of health center patients are enrolled in Medicaid. In 2010, The Affordable Care Act expanded the 340B program to permit covered entities like health centers to use 340B drugs for patients with Medicaid Managed Care coverage, or states can claim rebates for Medicaid managed care drugs.

State Medicaid agencies are prohibited from claiming a Medicaid rebate for a drug that was purchased under 340B for health center patients (or patients from other participating providers). This would be considered a duplicate discount.

Currently, neither the 340B statute nor the Medicaid Drug Rebate Program regulation prohibits duplicate discounts for managed care drugs.

STATES NEED CLEAR GUIDANCE FOR 340B SAVINGS

Based on the lack of federal guidance, state Medicaid agencies have taken two approaches:

340B Carve-In

The state permits a covered entity, like a health center, to use 340B priced drugs for Medicaid patients, and the state will not claim a Medicaid rebate. In this scenario, the patient receives affordable medication and the health center generates 340B savings that are reinvested back into care.

340B Carve-Out

The State prohibits a covered entity from using 340B priced drugs for Medicaid patients, and the state will claim a Medicaid rebate from the drug manufacturer. In this scenario, the patient receives discounted medication, but the health center loses mission-critical 340B savings.



- Health centers serve **1 in 5** Medicaid beneficiaries at lower cost
- **20% of states** “Carve-Out” pharmacy benefits in MCO Contracts
- **57 million** Medicaid beneficiaries enrolled in managed care plans as of July 2020
- This represents **72% of all Medicaid beneficiaries** nationwide
- **41 states** (including DC) contract with comprehensive, risk-based managed care plans to provide care to at least some of their Medicaid beneficiaries

STATES THAT CURRENTLY PERMIT 340B CONTRACT PHARMACIES IN MANAGED CARE

Some states such as IL, IN, KY, MD, MI, OH, OR, PA, and RI allow (Carve- In) CHCs to keep 340B savings.



RECOMMENDATIONS TO PRESERVE 340B REIMBURSEMENT AND PROTECT THE NATIONAL SAFETY NET

Preserve managed care 340B reimbursement to fund the safety net providers with these policy recommendations:

1. Work with your state to create a system to prevent duplicate discounts for Medicaid managed care drugs.
2. Educate your state Medicaid agency on the importance of the 340B program for your health center and Medicaid managed care patients.

Due to the lack of federal clarity on 340B drugs for Medicaid managed care patients, states are able to implement policies that may have unintended consequences on safety-net providers in the 340B program.

By taking these steps, states can help to ensure the 340B program continues to provide essential resources to safety-net providers and that these providers can continue to provide affordable care to the most vulnerable patients in their communities.

HEALTH CENTERS EXPAND ACCESS TO COMPREHENSIVE PRIMARY CARE

95.5K
medical professionals



26 million
medical patients