

# 340B PROGRAM OVERVIEW

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# OBJECTIVES

- Intent & Requirements
- Stakeholders
- Impact
- Challenges
- Outlook

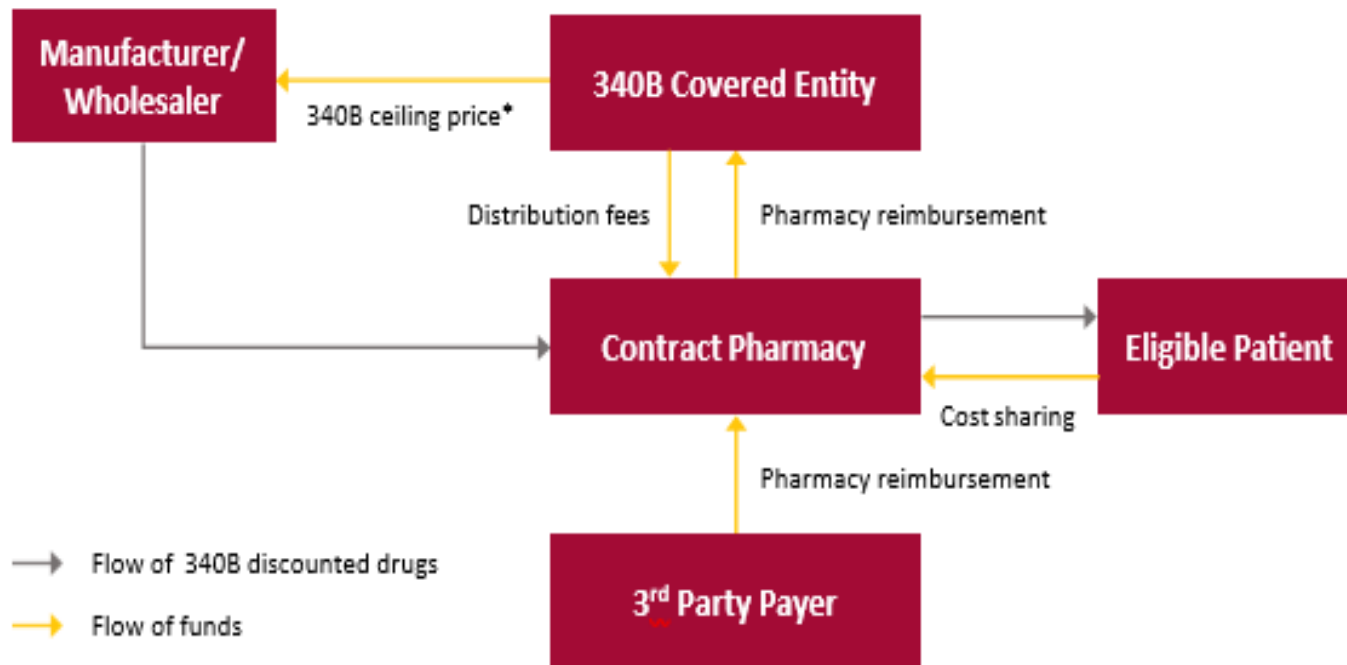
# INTENT & REQUIREMENTS

- Intent: “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”
- Requires drug manufacturers that participate in Medicaid programs to offer certain outpatient drugs to “covered entities” at discounted prices
- Establishes a ceiling price based on a statutory formula
- Prices propriety (20-50% off retail)
- Covered entities compliance (i.e., patient, provider, payer)

# STAKEHOLDERS

- Covered Entities (CE)
  - DSH – government & non-profit contract hospitals
  - Children's, Free-standing Cancer, Sole Community, Rural Referral Centers
  - FQHCs & look-alikes
  - Federal grantees (e.g., TB clinics, Ryan White, Title X, STD clinics, Black Lung clinics, ADAP programs)
- Drug Manufacturers
- HRSA
- Prime Vendor Program – Apexus
- Contract Pharmacies

# 340B FLOW OF FUNDS/DRUGS

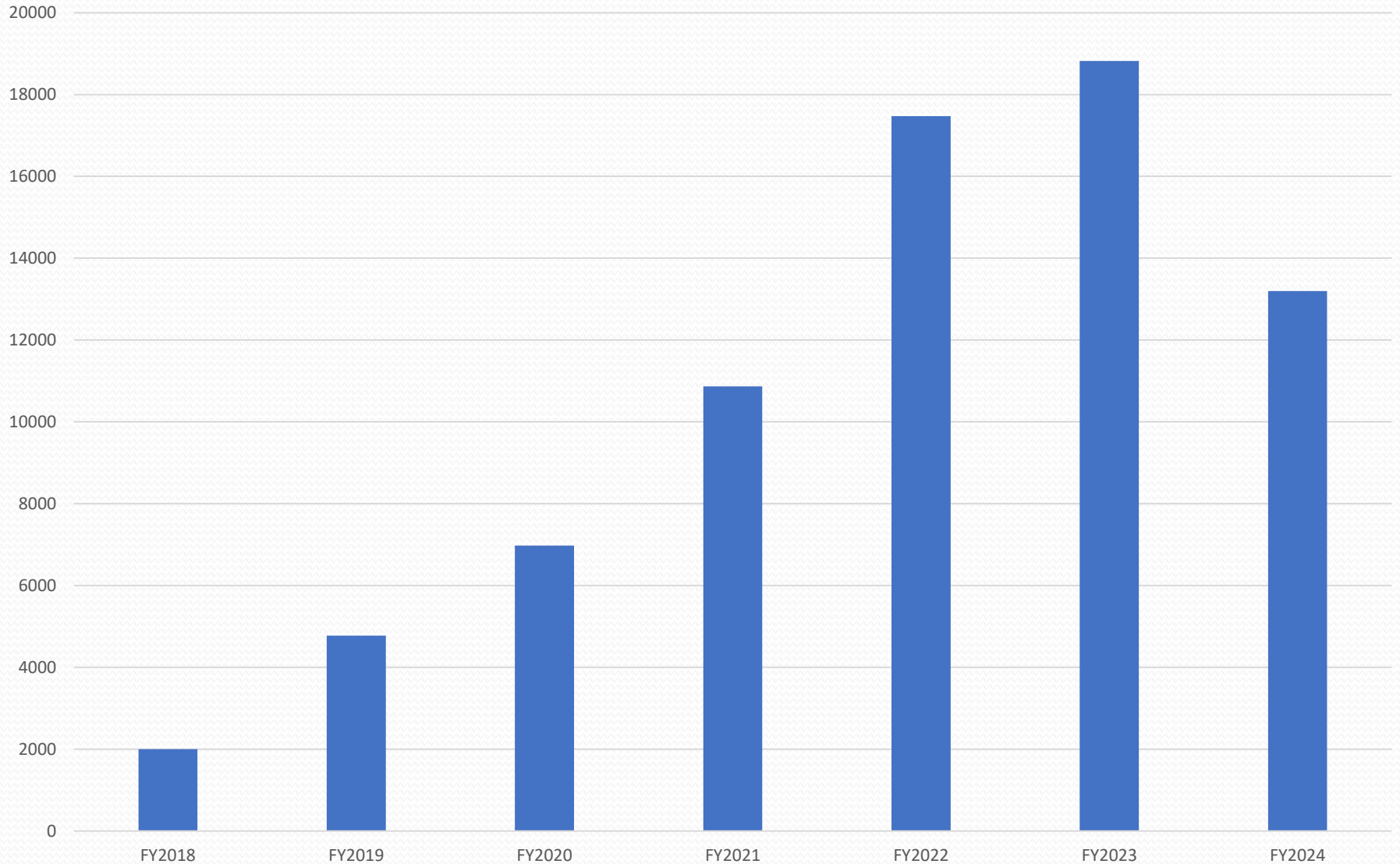


Notes: Adapted from Drug Channels Institute. Flow of funds has been simplified to capture the primary elements of the 340B flow of funds. A more detailed version is available from the Drug Channels Institute: <https://www.drugchannels.net/2019/08/heres-how-pbms-and-specialty-pharmacies.html>. \*The 340B ceiling price is the maximum a covered entity should pay for 340B discounted drugs, but covered entities can negotiate prices below the ceiling price.

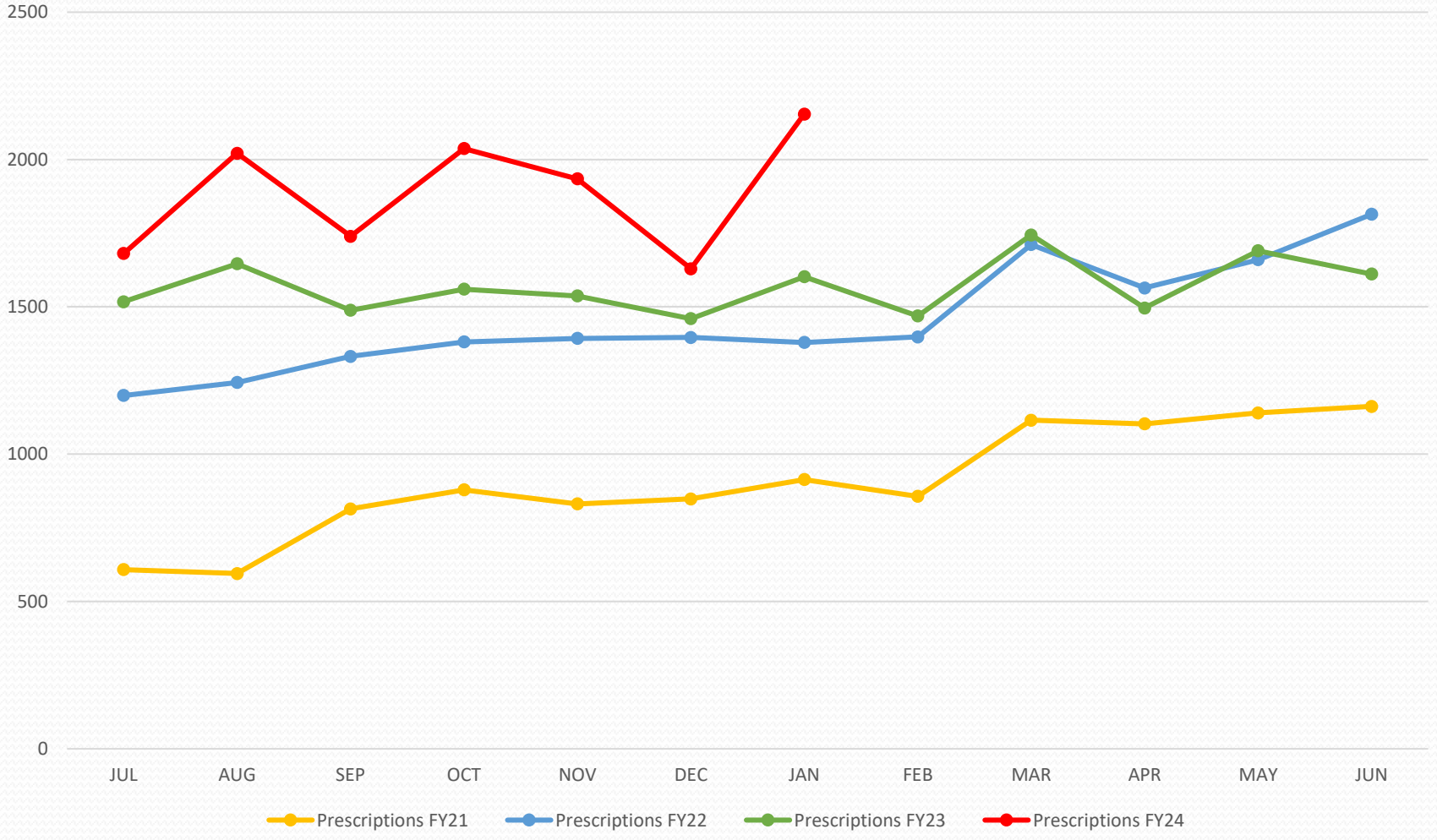
# GROWTH & IMPACT

- 340B sales \$44B in FY2021 – 7.2% of U.S. drug market
- 23.8% annual increase 2015-2021
- 75% FY2021 purchases by DSH
- 90%+ FY2023-24 purchase SNHD

# SNCHC Pharmacy Prescriptions



# SNCHC PHARMACY VOLUME FY2021-FY2024





# CHALLENGES

- Vague legislative language and lack of change
- Limited oversight, regulatory authority by HRSA
- Ongoing litigation
- Manufacturer restrictions on contract pharmacies
- Manufacturer assistance decreased reimbursements
- Payer discriminatory reimbursement
- Criticism of use of 340B income by CE

# SNCHC BENEFITS/CHALLENGES

- Benefits
  - SNHC pharmacies
  - Low-cost medications
  - Savings reinvestment
- Challenges
  - Potential legislative changes
  - Compliance burden
  - Shrinking margins

# OUTLOOK & DIRECTION

- Protect 340B Act
- 340C proposed legislation
- NV Legislation: AB434 to prevent discriminatory reimbursement by PBMs and insurers – signed into law June 2023.
- SNCHC growth