ESSENTIAL HOSPITALS, PATIENTS RELY ON 340B

Essential hospitals have a mission of caring for low-income working families, the uninsured, and other vulnerable people. They also meet the needs of underserved communities by providing access to trauma care and other complex, lifesaving services inside their walls and primary and preventive care where patients live and work.

But this mission comes at a high cost, and essential hospitals provide substantial uncompensated and unreimbursed care. This means they operate with the narrowest of margins—about one-fifth that of all U.S. hospitals, on average.

340B: CRITICAL TO THE SAFETY NET

The 340B Drug Pricing Program is key to the patchwork of federal support essential hospitals rely on to fulfill their safety-net mission. Congress established 340B to enable covered entities “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” Simply put, 340B affords essential hospitals the financial flexibility to tailor services and programs to their community’s unique challenges at nearly no cost to taxpayers:

- 340B savings allow University of Illinois Health to offer housing assistance and care managers for chronically homeless emergency department users, reducing their care costs by 42 percent.

- A majority of more than 800,000 outpatient prescriptions annually at Grady Health System, in Atlanta, go to uninsured patients. Thanks to the 340B program, their out-of-pocket costs are $5 or less.

- In Des Moines, Iowa, Broadlawns Medical Center uses 340B savings to offset the costs of outpatient medications for low-income residents in the state’s public health insurance program, which does not cover these drugs.

- 340B savings help Einstein Healthcare Network, in Philadelphia, maintain its Medication REACH program, which provides patients with post-discharge counseling, reduces barriers to care, and educates patients.

THREATS, NOW AND ON THE HORIZON

Unlawful cuts to Part B reimbursement: The Centers for Medicare & Medicaid Services (CMS) cut Medicare Part B drug payments to 340B hospitals by 27 percent in 2018 and continued this damaging policy in 2019 and 2020. America’s Essential Hospitals and other hospital plaintiffs challenged the policy in federal court, which ruled CMS exceeded its statutory authority, calling the cuts unlawful. But CMS ignored the ruling, continuing to implement the cuts this year, and has yet to identify and implement a remedy for the 2018 and 2019 cuts.

Harmful policy changes: Provisions in the House-passed prescription drug pricing bill, H.R. 3; competing Republican legislation, H.R. 19; and bipartisan Senate Committee on Finance legislation, S. 2543, would eliminate critical funding for safety-net providers. These provisions would require Medicaid managed care plans to pay the actual acquisition cost for drugs dispensed by providers or pharmacies, including 340B drugs dispensed by 340B covered entities and contract pharmacies. Substantially reducing reimbursement for these drugs would undermine a necessary benefit for many 340B covered entities.

If this change becomes law, it would negate the benefits of 340B for Medicaid managed care drugs and threaten essential hospitals’ ability to innovate and respond to the unique care challenges of their vulnerable patients.

MESSAGE TO CONGRESS: PROTECT 340B

America’s Essential Hospitals urges Congress and the administration to leave the 340B program out of the drug pricing debate and avoid policy changes that would weaken the capacity of providers in the 340B program to care for vulnerable populations.