

Introduction to the 340B Program

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Agenda



Introductions



340B Research and Data

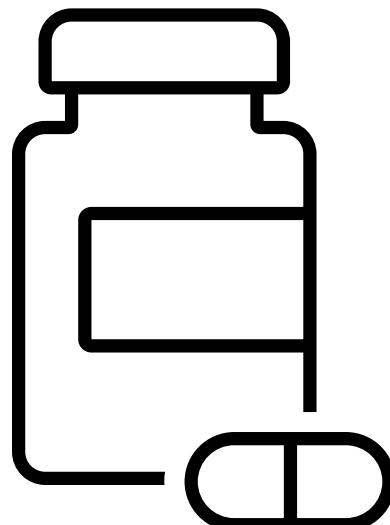


340B Health's Policy
Recommendations

Who is 340B Health?

- Non-profit hospital association representing over 1,400 340B hospitals, including 20 340B Health members in Maryland
- Provide wide range of member support:
 - Technical assistance, education, advocacy, webinars, research, and more!

What is 340B?



- Federal program created in 1992 to give safety-net providers, referred to as covered entities (CEs), discounts on “covered outpatient drugs”
- Requires manufacturers that participate in Medicaid and Medicare Part B to provide discounts to 340B providers on outpatient drugs
- CEs dispense 340B discounted drugs through their own pharmacies or contractual arrangements with community pharmacies
- In 2010, Congress expanded the program to allow rural hospitals to participate, and the federal government issued guidance stating that CEs can have multiple contract pharmacies
- Administered by the Office of Pharmacy Affairs (OPA) within the Health Resources and Services Administration (HRSA)
- Eligibility and compliance requirements for CEs

How Does 340B Benefit CEs and Their Patients?

- 340B is intended to help rural patients or patients with low incomes
- Only providers that serve a lot of patients with low incomes or patients in rural areas are eligible to participate
- 340B drugs can generally be used by a CE for any eligible outpatient regardless of payer status
- 340B helps CEs serve patients with low incomes by:
 - Offsetting the cost of providing free or discounted drugs to patients who cannot pay
 - Generating funds from insured patients that providers use to improve and expand patient care, particularly patients with low incomes

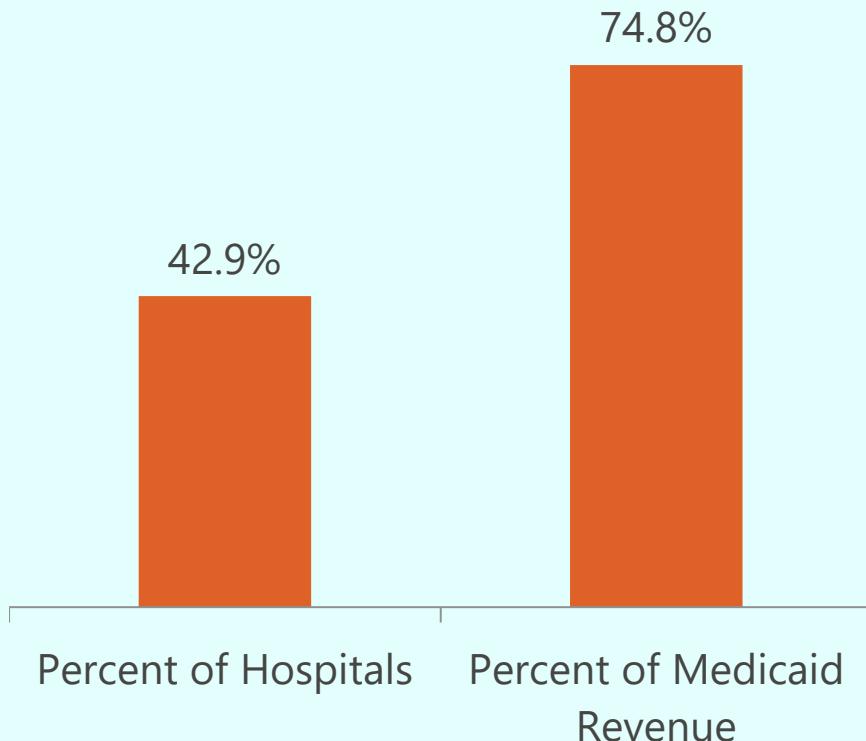




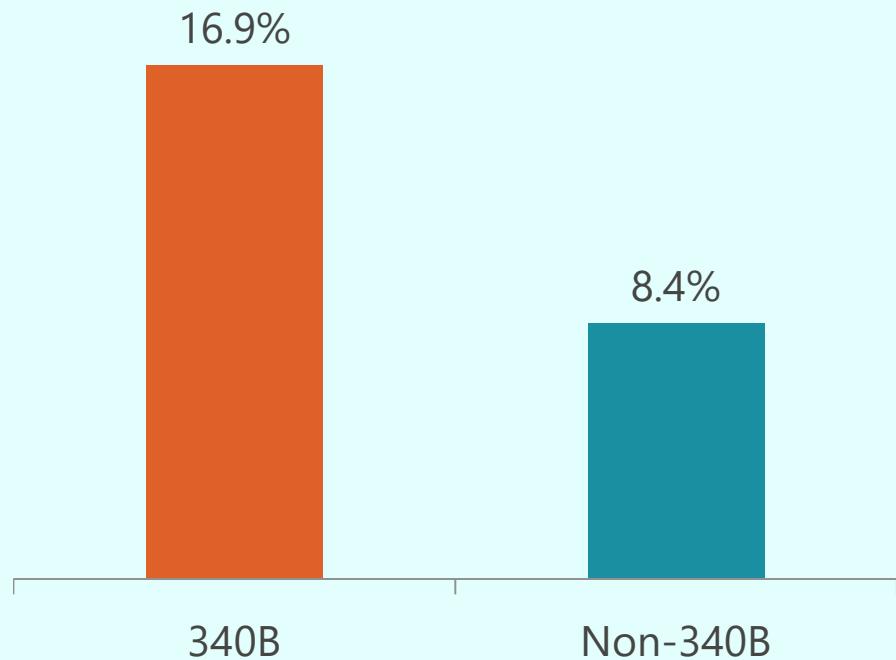
- Program is narrowly targeted
- Savings are used to improve care to low-income and rural patients
- Restrains drug price increases

340B is targeted to providers that treat a high share of low-income patients

340B Hospitals: Percent of Hospitals vs. Percent of Medicaid Revenue

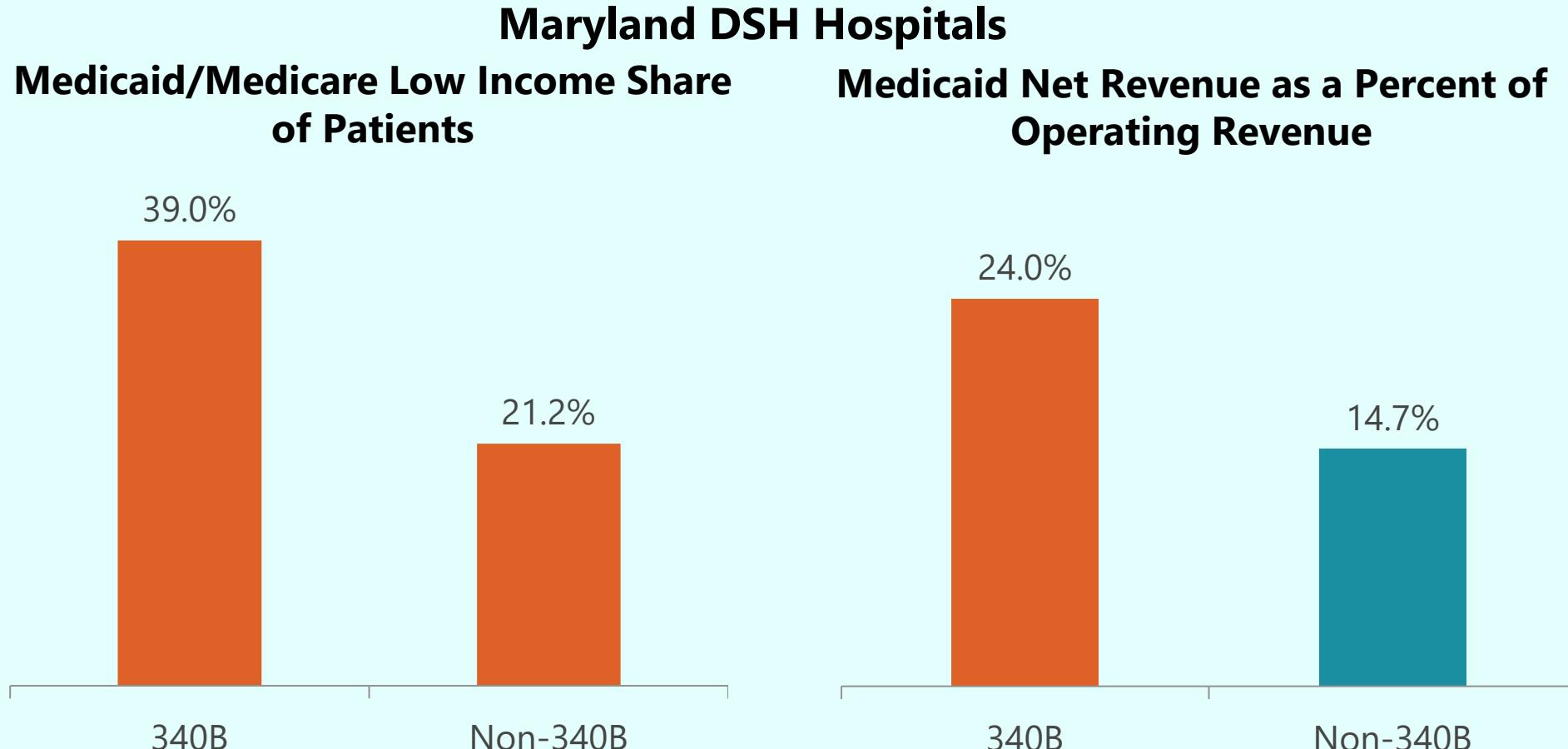


Medicaid Net Revenue as a Percent of Operating Revenue



Source: Dobson | DaVanzo analysis of FY 2018 Medicare hospital cost reports.

340B hospitals in Maryland play a disproportionate role in the safety net

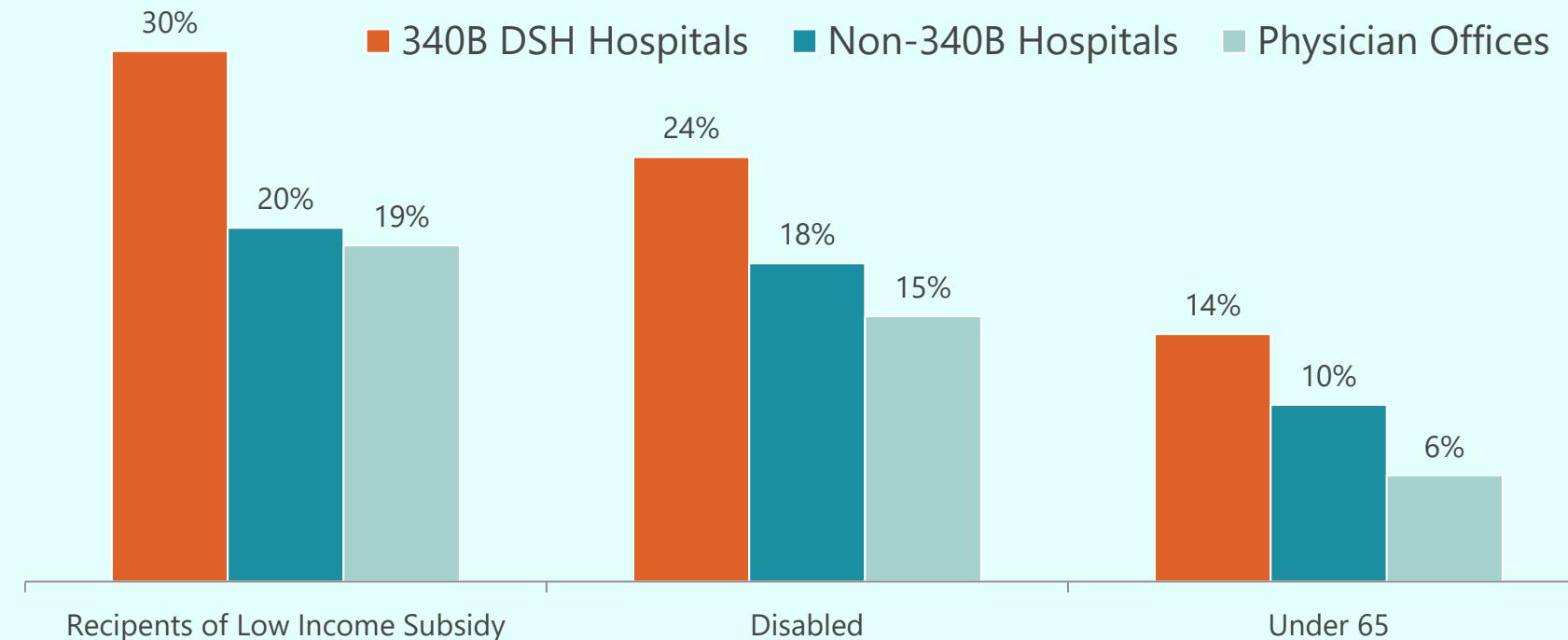


Source: Dobson | DaVanzo analysis of FY 2018 Medicare hospital cost reports.

Patients of 340B DSH hospitals are more likely to be from traditionally underserved groups

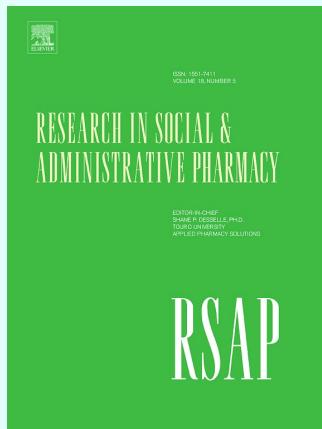


Percent of Medicare Cancer Patients with Various Characteristics by Site of Care

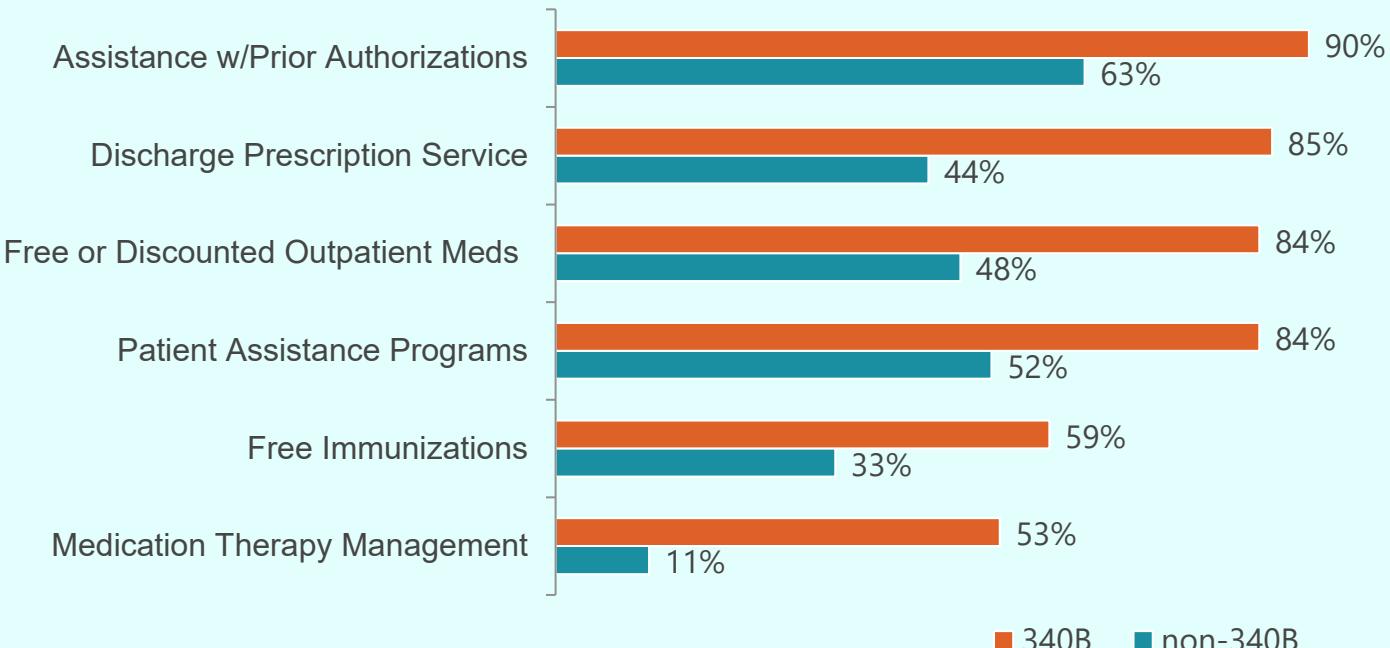


Source: MedPAC. Report to Congress. March, 2020. Data for 2017.

340B hospitals are more likely to offer services to help patients access medication



Percent of Hospitals Offering Medication Access Services*, 340B vs Non-340B Hospitals

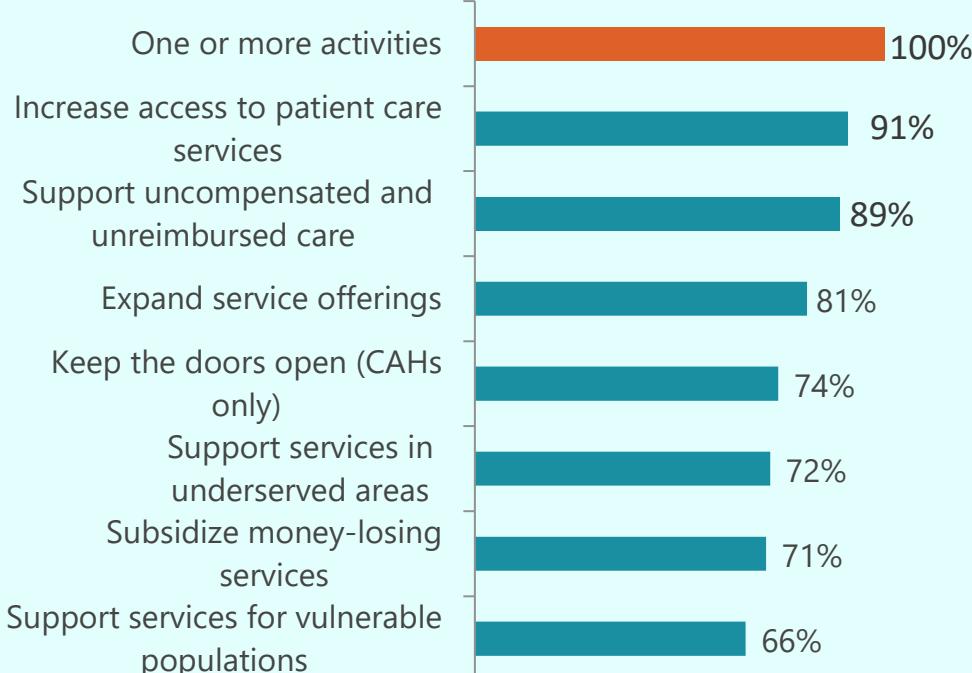


Source: Rana I, von Oehsen W, Nabulsi NA et al. A Comparison of Medication Access Services at 340B and Non-340B Hospitals. *Res in Soc and Adm Pharm*. 2021 Mar.

*Differences were not statistically significant for free prescription delivery, free meds from ED, and transitions of care.

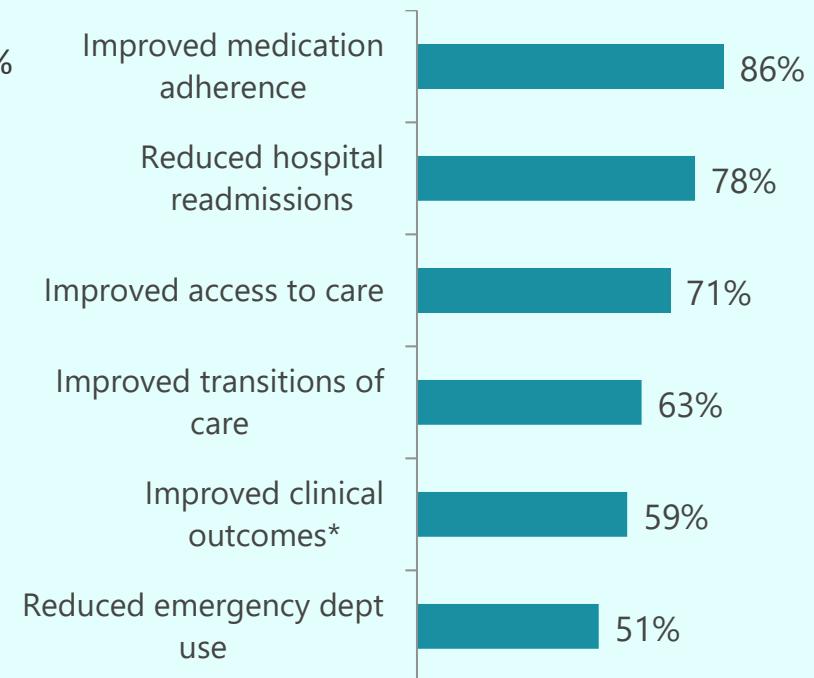
All 340B hospitals report using their savings to support care and improve outcomes

How 340B Hospitals Use 340B Savings



Source: Survey of 340B Health members conducted in November-December 2020.

Percent of 340B Hospitals Reporting Improved Patient Outcomes, from 340B Supported Programs



*E.g. reducing viral load for people living with HIV, reduced emergency department use, improved opioid prescribing and care, reduced mortality rates.

Maryland hospitals use 340B savings to fund targeted programs to meet community needs.



MedStar Franklin Square
Medical Center



JOHNS HOPKINS
MEDICINE

- Support for patients discharged with diabetes
 - Social worker to help obtain insulin
 - Community health advocate to ensure follow-up
 - Education on healthy eating and exercise
 - Transportation

Readmission rates for program participants 12.7% versus 19.9% for controls

- Pharmacist-provided home-based medication management services
 - Medication reconciliation
 - Patient education
 - Medication disposal

Average of 3 medication discrepancies resolved per patient

MedPAC: 340B incentives do not result in the use of more or more expensive drugs



- Looked at specific cancer services and adjusted for patient demographics
- Found small differences for 340B vs. non-340B hospitals and physician offices
 - 340B hospitals are more likely to serve low income and younger Medicare patients
 - These characteristics are associated with higher spending
- Found no consistent pattern in cancer drug spending at new 340B hospitals
 - Evidence does not suggest change to 340B status increased spending
- MSA analysis found effects of 340B market share are statistically significant for only 2 of the 5 types of cancer
 - Effects of general upward trend in oncology spending (price) and age far outweigh any effects of 340B incentives

340B inflationary penalties restrain price increases for all drug purchasers



- Looked at whether stiff penalties for price increases above inflation lead to higher or lower drug prices
- Found that drugs with a higher percentage of sales through the 340B program had lower price increases
- Lower price increases translated into a \$7.1 billion reduction in Medicare Part D spending from 2013-2017

Policy Recommendations

Protect 340B providers from discriminatory contractual terms

- Support laws that prohibit discriminatory contractual terms by health plans and/or PBMs such as Maryland House Bill 1274

Preserve the 340B benefit for providers

- Do not recommend or enact any policy that would erode the 340B benefit or impede access to 340B participation

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