



ISSUE: 340B Drug Pricing Program

Background: The 340B Drug Pricing Program is essential to helping safety-net providers stretch limited resources to better serve their patients and communities. AAHAM strongly opposes any efforts to scale back or significantly reduce the benefits of the 340B program. In addition, AAHAM supports program integrity efforts to ensure this vital program remains available to safety-net providers and expanding the program to certain rural hospital.

For more than 20 years, the 340B program has provided financial help to safety-net hospitals to manage rising prescription drug costs. Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. These organizations include community health centers, children's hospitals, hemophilia treatment centers, critical access hospitals (CAHs), sole community hospitals, rural referral centers, and public and nonprofit disproportionate share hospitals, that serve low-income and indigent populations.

The program allows 340B hospitals to stretch limited federal resources to reduce the price of outpatient pharmaceuticals for patients and expand health services to patients and the communities they serve. According to the Health Resources and Services Administration (HRSA), the federal agency responsible for administering the 340B program, enrolled hospitals and other covered entities can achieve average savings of 25 to 50 percent in pharmaceutical purchases. Despite more oversight from HRSA and the program's proven record of decreasing government spending and expanding patient access to care, some want to scale it back or significantly reduce the benefits eligible hospitals and their patients receive from the program.

AAHAM urges Congress to reject any changes to the 340B program that would hurt patients and communities. Many 340B hospitals are the safety-net for their communities, and the program generates valuable savings for eligible hospitals to reinvest in programs that enhance patient services and access to care. While many hospitals use the 340B savings to provide free or reduced priced prescription drugs to vulnerable patient populations, the savings also allow hospitals to provide more patient services and programs. For example, hospitals use the 340B savings to provide free care for uninsured patients, as well as offer free vaccinations, services in mental health clinics, medication management programs and community health programs.

AAHAM supports program integrity efforts to ensure that the 340B program remains available to safety-net providers. Hospitals that participate in the 340B program are subject to oversight by HRSA's Office of Pharmacy Affairs, and hospitals in the 340B program must meet numerous program integrity requirements. These include yearly recertification; audits from both HRSA and drug manufacturers; and maintaining auditable inventories of all 340B and non-340B prescription drugs. In recent years, HRSA implemented additional program integrity efforts, and the AHA encourages HRSA to develop a process to help financially distressed providers meet the new program integrity provisions.

AAHAM supports expanding the 340B program to the inpatient setting, as it would be a "win-win" for taxpayers and hospitals. It would generate savings for the Medicaid program by requiring hospitals to share with Medicaid a percentage of their savings on inpatient drugs administered to Medicaid patients. It also would reduce Medicare costs, as CAHs are paid 101 percent of their inpatient and outpatient costs by Medicare, and the 340B pricing mechanism would lower CAHs' drug costs. According to the Congressional Budget Office, expanding the program to cover inpatient services would save the federal government upwards of \$1.2 billion over 10 years.

AAHAM Recommendation:

AAHAM would like to request you take the lead in introducing a Senate companion to H.R. 4392. Furthermore, AAHAM urges Congress to bring this critical legislation to the floor for a vote in 2018.

ABOUT AAHAM

AAHAM is the preeminent professional organization for revenue cycle professionals and is known for its prestigious certification and educational programs; professional development of its members is one of the primary goals of the association. AAHAM is also recognized for its quarterly journal, *The Journal of Healthcare Administrative Management* and its Annual National Institute, held each fall. AAHAM actively represents the interests of its members through a comprehensive program of legislative and regulatory monitoring and participation in industry groups. For more information regarding AAHAM and its programs, please visit www.aaham.org or contact AAHAM, 703.281.4043