

Understanding the 340B Drug Pricing Program

What is 340B?

The 340B drug pricing program was established to help safety-net providers like Federally Qualified Health Centers (FQHCs) and hospitals that support rural populations stretch scarce federal resources to provide more comprehensive services and reach more eligible patients in rural and underserved areas. The program requires pharmaceutical manufacturers to sell certain outpatient drugs to safety-net providers at a discount who then re-invest these savings into patient services and charity care. **Drug companies – not taxpayers nor the government – cover the cost of this program.**

340B Ensures Access to Essential Health Care for Rural and Underserved Mainers

The 340B drug pricing program enables eligible FQHCs, hospitals, and clinics to purchase outpatient pharmaceuticals at a discount, investing savings into more services and treating more patients, all while expanding access to low-cost drugs and care to improve health outcomes. 340B savings enable safety-net providers to offer health care services and support to patients in need that they otherwise could not provide. Safety-net providers work hard to tailor services to the specific needs of the patients and communities they serve.

Manufacturers are Restricting Access to Care

Access to this critical program is under attack. **Efforts to restrict this program only serve to increase profits for pharmaceutical companies at the expense of patient care across Maine.** Contract pharmacy restrictions have allowed drug companies to benefit at the expense of the health care safety-net and limited access to care. State legislatures across the country are [taking action](#) to ensure that the health care safety-net can continue to access this program.

FQHCs and Hospitals Use 340B Savings to Provide Critical Services



- **Comprehensive diabetes programs and insulin availability**
- **Cancer treatment programs and prevention**
- **Behavioral and mental health care**
- **Workforce (community health workforce, support staff, outreach & enrollment, etc.)**
- **Access to free and discounted drugs**
- **HIV/AIDS care**
- **Substance use disorder treatment**
- **Wrap around services including transportation, heating assistance, and food pantries.**



Coalition to Protect Health Care for Rural and Underserved Communities

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For over 30 years, the 340B Program has increased access to care for rural and underserved communities. Efforts to restrict this program only serve to increase profits for pharmaceutical companies at the expense of patient care across Maine.

Program Background

In 1992 Congress enacted the Public Health Service Act, which created the 340B Program; this required drug manufacturers to participate as a condition of having their outpatient drugs covered under Medicaid and Medicare Part B. Section 340B of the Public Health Service Act requires manufacturers to offer health care organizations that care for many uninsured and low-income patients covered outpatient drugs for purchase at discounted prices.

The 340B Program helps safety-net providers serving vulnerable communities stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. **Drug companies – not taxpayers nor the government – cover the cost of this program.**

Who is eligible for 340B discounts?

Eligible health care organizations (also known as “covered entities”) are defined in statute and include Federally Qualified Health Centers (FQHCs), Critical Access Hospitals, Disproportionate Share Hospitals, children’s hospitals, Sole Community Hospitals, Ryan White clinics and State AIDS Drug Assistance programs, family planning clinics, and other safety net providers.

Who oversees 340B?

To participate in the 340B Program, “covered entities” must register and be enrolled with the Health Resources and Services Administration (HRSA) within the U.S. Department of Health and Human Services (HHS) and comply with all 340B Program requirements. Once enrolled, covered entities are assigned a 340B identification number that vendors verify before allowing an organization to purchase 340B discounted drugs. “Covered entities” undergo annual recertification to demonstrate 340B eligibility. They document care for patients in need through annual Medicare cost reports, IRS filings, and other reporting. The federal government also audits hundreds of 340B providers every year. Through this thorough and rigorous oversight, “covered entities” demonstrate that they use their savings to benefit patients and communities.

**Protect 340B & Protect Health Care for
Rural and Underserved Communities in Maine**