340B

Safeguard Availability of Life-Saving Treatment

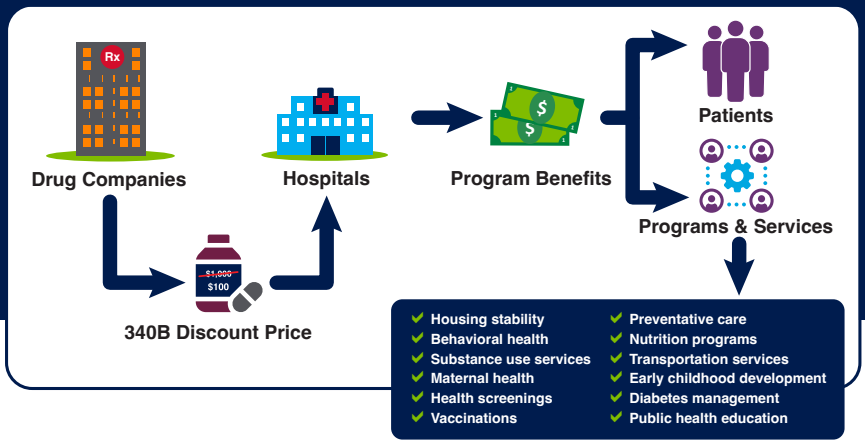
What is 340B?

The legislative intent of the 340B program, created by Congress more than 30 years ago, is to "stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."

It protects patients and health care providers from high drug costs – all at no additional cost to taxpayers.

How is it paid for?

This population health program is paid for with drug discounts, not state or federal tax dollars. To qualify, non-profit/governmental providers must serve a high number of low-income and uninsured patients to purchase certain outpatient drugs at discounted prices.



What's the current problem?

The powerful pharmaceutical industry has mounted a coordinated national effort to weaken 340B, even though this discount program accounts for just 3 percent of drug companies' profits globally.[1] Despite the minimal impact to pharmaceutical companies, 340B is an essential lifeline for 68 participating Colorado hospitals; 89% of which operate with low or negative margins.

Recently, drug manufacturers have started to require hospitals to only contract with one pharmacy to access 340B drugs – despite the fact that hospitals use over 2,500 pharmacies to ensure patients can access their medications. Currently, Colorado hospitals contract with more than 2,500 pharmacies across the state to dispense 340B medications, ensuring patients have access to these drugs. Restrictions and limitations on contracting unnecessarily restricts patients' access and creates barriers for low-income and vulnerable patients to obtain their life-saving medications.

What is the solution?

Federal law is silent on this issue, leaving it to the states to safeguard the 340B program and its benefits. Recent court verdicts have universally sided with 340B providers, making it clear that "drug delivery" lies within the jurisdiction of the states. Colorado needs to statutorily prohibit manufacturers from limiting access to one contract pharmacy and pursuing other "false ceiling" restrictions on the 340B program. **Protecting the 340B program will preserve its numerous benefits of improving care access for patients, managing overall health care costs, and helping to keep local hospitals viable.** Without it, many patients will struggle getting the affordable medications and critical health services they need, jeopardizing their health and wellbeing. **Coloradans cannot afford to see the program weakened.**

[1] The 340B Drug Pricing Program

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How does 340B help Colorado communities and patients?

This program allows safety-net hospitals in all corners of Colorado to dedicate precious resources to essential health programs like:

- Providing low-cost access to prescription drugs
- Health care and financial assistance programs for low-income patients
- Supporting care programs such as:

Communicable Disease Programs | **Cancer Screening and Prevention** | **Substance Use Disorder Treatment** | **Maternal Health**

Who participates in 340B?

Colorado is home to 68 hospitals who participate in the 340B drug pricing program.

Cancer Hospitals | **Children's Hospitals** | **Disproportionate Hospitals** *(hospitals serving a high percentage of Medicaid patients)* | **Rural Referral Centers** | **Sole Community Hospitals**

Eligible providers must register and re-enroll annually to certify compliance, and are subject to Health Resources and Services Administration and manufacturer audits. Safety net providers must also document compliance methods to ensure no duplicate Medicaid discounts are applied and medication is only given to existing 340B patients. Non-compliance findings result in fines, corrective action plans, and possible termination from the program.

Other providers eligible to receive 340B discounts include:

- Federally Qualified Health Centers
- Ryan White clinics and state AIDS assistance programs
- Family planning clinics
- And other safety net providers that serve low-income populations and meet specified criteria

FOR MORE INFORMATION:
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