

# **340B DRUG PRICING PROGRAM:** *Improving access to affordable medications.*

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## **The PHS 340B Drug Pricing Program**

- Established in 1992
- Provides discounts on outpatient drugs to covered entities
- Manufacturers that participate in Medicaid must also sign an agreement to participate in 340B Drug Pricing Program

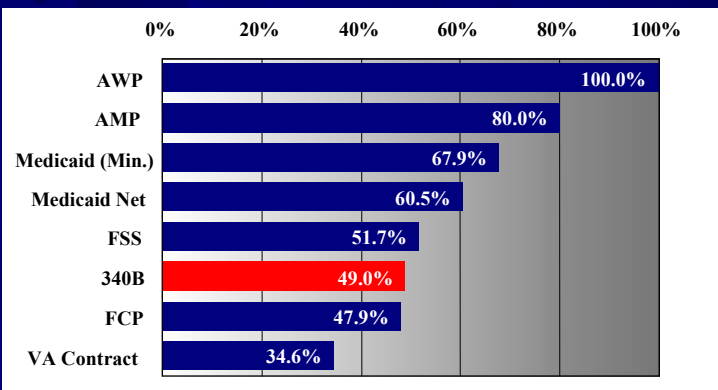


## Why 340B?

- Reduce prescription drug expenditures by safety net providers in order to:
  - Expand health services access to:
    - Low-income individuals/families
    - Vulnerable populations
  - Reduce taxpayer burden

## Estimated Prices For Selected Public Purchasers, as Percent AWP

Stephen Schondelmeyer, PRIME Institute, University of Minnesota (2001)



## 340B Covered-Entities

- Consolidated Health Centers – (FQHC’s and Look-alikes)
- Disproportionate Share Hospitals
- STD and TB Clinics
- Title X Family Planning Clinics
- AIDS clinics and drug purchasing programs
- Urban Indian clinics/638 tribal centers
- Migrant health centers
- Health centers for public housing
- Black lung clinics
- Hemophilia treatment centers
- Native Hawaiian health centers
- 340s school-based programs

## 340B Basics: Requirements and Prohibitions

- Definition of a patient
  - Established relationship with covered-entity
  - Care from employed or contracted provider
  - Services provided consistent with funding
- Resale or transfer
- Audits and record keeping
- Group purchasing discounts
- Prohibition of “Double Dipping”

## **State Optimization of 340B: *Reasons to Consider***

- Increased prescription drug utilization
- Increased numbers of uninsured and underinsured
- Skyrocketing health care costs
- Dual eligible transition to Medicare
- Growth in 340B program utilization, value and support

## **State Optimization of 340B: *Financial Savings***

- Heinz Foundation Report (Rhode Island)
    - Comprehensive statewide evaluation
    - Pre-rebate Medicaid to 340B comparison
    - Savings vary by program
    - Implementation and on-going administration costs
    - Net savings estimated at \$2M first year
- [www.hfp.heinz.org/pdfs/ri340b.pdf](http://www.hfp.heinz.org/pdfs/ri340b.pdf)

## **State Optimization of 340B: *Financial Savings***

- Wellpartner™ Analysis – California Medicaid
  - Managed Medicaid plan
  - Post-rebate to 340B comparison
  - Adjusted dispensing fee
  - 12.2% savings below net Medicaid price

[www.nlarx.org/policy/pdfs/Oregon340BPricing\\_analysis.pdf](http://www.nlarx.org/policy/pdfs/Oregon340BPricing_analysis.pdf)

## **State Optimization of 340B *Legislative Strategies***

- Evaluation and Study
- Health Center Expansion
- General Funding
- Provider Contracting
- Formulary Coordination
- Modified Reimbursements
- Mandated 340B/Prime Vendor Participation

[www.ncsl.org/programs/health/drug340b.htm](http://www.ncsl.org/programs/health/drug340b.htm)

## State Optimization of 340B: *Challenges to Address*

- Underutilization by covered-entities
- Procurement policy restrictions
- Need for program adherence
- Provider relationships/collaboration
- Funding
- Evaluation methods
- On-going administration

## State Optimization of 340B: *Key Implementation Steps:*

- Step 1** – Evaluate opportunity and potential impact from both a financial and system service delivery perspective.
- Step 2** – Identify and resolve regulatory barriers to implementation.
- Step 3** – Implement measures to facilitate program participation and utilization of 340B resources.

## State Optimization of 340B: *Resources*

- OPA Federal Team
- Pharmacy Services Support Center (PSSC)
- Prime Vendor Program (PVP)

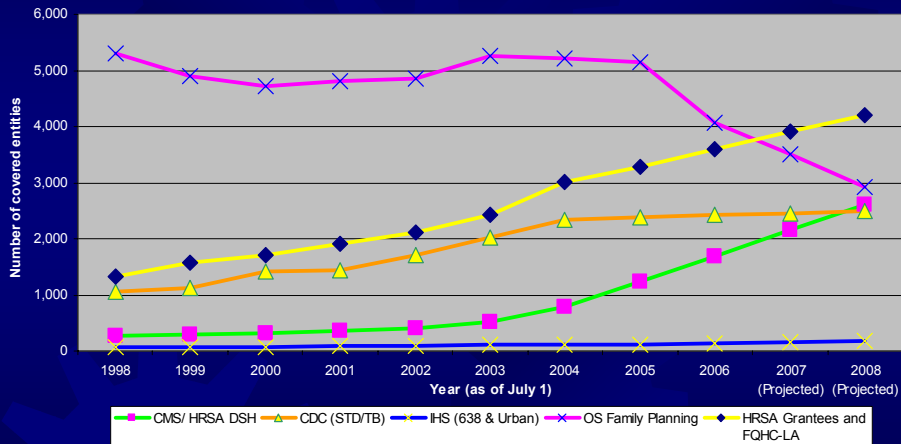


## Office of Pharmacy Affairs Mission, Functions and Funding

*Federal Register 9/21/2004*

- Promote access to (Comprehensive Pharmacy Services) clinically and cost effective pharmacy services through:
  - Maximizing the value of participation in 340B
  - Developing innovative pharmacy services
  - Being a Federal resource for pharmacy practice
- *\$2.97 Million Line Item in FY2007 President's Budget Request*

## Annual Growth of Section 340B Covered Entity Sites by Agency



## PVP Mission/Goals

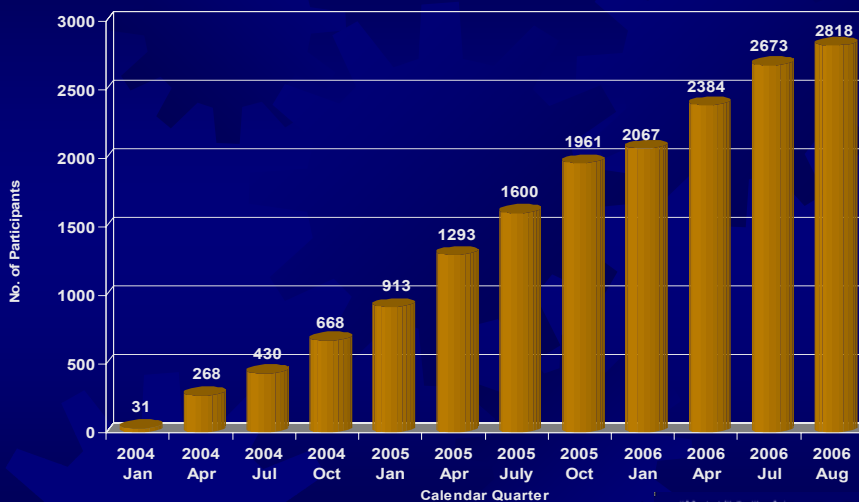
- Improve access to affordable medications for covered entities and their patients
- Primary goals:
  - Lower supply costs
  - Efficient drug distribution solutions
  - Value added products and services



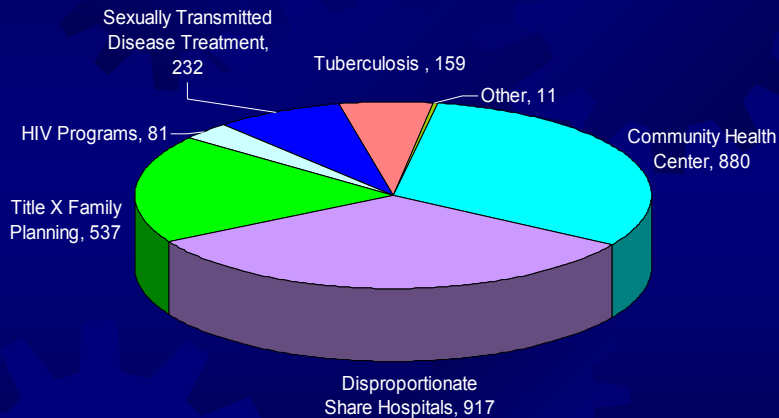
## Benefits of Single Prime Vendor

- Aggregation and leveraging of \$4 billion in outpatient/340B purchases
- Covered-entities benefit from volume and therapy specific market share.
- Cost-effective sub-ceiling contracting.
- Centralized experience and resources
- Improved program integrity.

## 340B Prime Vendor Program Participants by Effective Date (cumulative, as of 08/07/06)



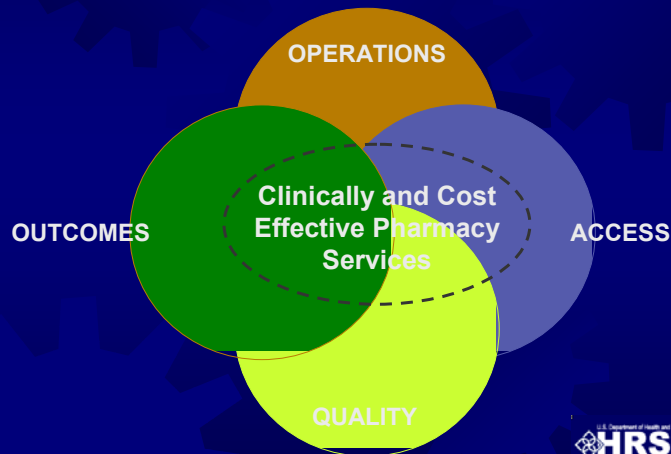
## PVP Participants by Entity Type (as of 08/07/06 – 2818 participants)



## Pharmacy Services Support Center

- Established through a contract between APhA and HRSA, signed September 27, 2002.
- Enhances Office of Pharmacy Affairs (OPA) resources to optimize the value of the 340B program in order to provide affordable, comprehensive pharmacy services that improve medication use and advance patient care and patient access to affordable drugs.

# Clinically and Cost-Effective Pharmacy Services



U.S. Department of Health and Human Services  
**HRSA PSSC**  
Health Resources and Services Administration  
Pharmacy Services Support Center

## Maximizing Pharmaceutical Outcomes

- Drug formulary management
- Patient-specific counseling, education and monitoring
- Medication education for providers
- Health promotion seminars
- Collaborative disease management
- Provide immunizations
- Undertake drug utilization review

U.S. Department of Health and Human Services  
**HRSA PSSC**  
Health Resources and Services Administration  
Pharmacy Services Support Center

# Pharmacy Services Support Center

- Information management
  - Organizing pharmacy expertise and resources
  - Responding to 340B inquiries
  - **Providing technical assistance**
- Policy analysis
  - Monitoring pertinent policy developments
  - Communication and education on policy issues and Medicare
- Networking
  - Communication and education
  - Project development



## CONTACT INFORMATION

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### Prime Vendor Program

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