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Organization for LATINO HEALTH ADVOCACY

REFORMING THE 340B PROGRAM:

Putting Patients and Communities First

Congress created the 340B program to help low-income and vulnerable patients access affordable medicines through true safety-net providers. But gaps in oversight have allowed some well-resourced hospitals to exploit the program, putting patients at risk. Without reform, the program's long-term ability to serve vulnerable communities is in jeopardy.

WHAT IS THE 340B PROGRAM?

The 340B Drug Pricing Program allows eligible healthcare providers serving vulnerable populations to purchase prescription drugs at significantly discounted prices. The intent is to stretch scarce federal resources and enable safety-net providers to offer more affordable healthcare services to underserved communities.

HOW THE PROGRAM HAS GROWN

The 340B program has experienced explosive growth, with discounted purchases rising from $12 billion in 2015 to **$66 billion** in 2023. However, this growth has not translated to proportional patient benefits.

87% of purchases are made by hospitals

13% of purchases are made by federal grantees, including Community Health Centers and Ryan White Clinics

THE PROBLEM: PATIENTS ARE MISSING OUT

While Community Health Centers reinvest 340B savings directly into patient care as required by federal law, many hospital systems obtain billions in discounts without clear requirements to pass savings to patients. Two-thirds of 340B hospitals spend less than **2.5%** of their operating expenses on charity care, and this spending is trending downward.

REVENUE FLOWS TO MIDDLEMEN

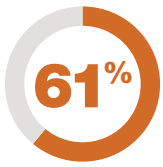
Pharmacy benefit managers and their affiliated pharmacies are siphoning an estimated **$3 billion** from the 340B program annually, diverting savings that should benefit patients and safety-net providers.

LACK OF TRANSPARENCY

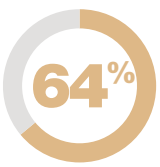
Unlike federal grantees, hospitals are not required to disclose how they use 340B revenue or demonstrate patient benefits. Some hospitals have used 340B profits to expand into wealthier communities while reducing services in the underserved areas that qualified them for the program.

IMPACT ON LATINO COMMUNITIES

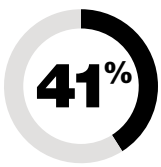
Over 31 million Americans rely on Community Health Centers and other safety-net clinics as their primary care option. These facilities serve populations that are:



61% people of color



64% low-income



41% publicly insured

Latino communities are disproportionately represented among these vulnerable populations who depend on the 340B program's intended benefits.

THE SOLUTIONS – MAKE 340B WORK FOR PATIENTS

1 Ensure Direct Patient Benefit

Require sliding fee scales for medicines that apply to uninsured patients and those with incomes under 200% of the federal poverty level

Mandate that 340B prescriptions are offered to patients at a discount

2 Prevent Abuse by Middlemen

Limit fees that for-profit entities can charge for 340B-related services

Prevent pharmacy benefit managers from reducing reimbursement for 340B prescriptions

3 Verify the Program is Working

Create public reporting requirements on how 340B savings are used

Establish a neutral claims data clearinghouse to ensure program integrity

Strengthen eligibility requirements for hospital participation

340B NEEDS COMPREHENSIVE REFORM

Without comprehensive reform, vulnerable communities will face:

- **Reduced** access to affordable medications
- **Fewer** healthcare options in underserved areas
- **Weakened** safety-net providers unable to fulfill their mission
- **Continued** exploitation of a program meant to help those most in need

MOVING FORWARD

The 340B program can and must be reformed to fulfill its original promise. By implementing comprehensive reforms that prioritize patient benefits, prevent abuse, and ensure transparency, policymakers can preserve this critical safety-net program for the communities that need it most.

True safety-net providers like Community Health Centers have demonstrated that the 340B program works when used as intended. It's time to ensure all program participants are held to the same standard of serving vulnerable patients and communities.

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