

# 340B Program

**The 340B Drug Pricing Program** provides essential savings on outpatient drugs for rural providers serving vulnerable populations who may lack insurance or be low income.

**Why it matters:** For many rural safety-net hospitals and FQHCs operating on thin financial margins, savings generated through 340B are critical to maintaining operations and providing essential services.

## Rural Provider Types Eligible for 340B

Critical Access Hospitals, Sole Community Hospitals, Rural Referral Centers, rural acute care hospitals, and Community Health Centers

- SCHs and RRCs must have disproportionate share percentage of  $\geq 8\%$
- Other rural prospective payment system hospitals must have disproportionate share percentage of  $\geq 11.75\%$

## How 340B savings benefit rural patients

- Free or discounted medications, including free vaccines
- Sustain access to essential services, in facilities with high levels of uncompensated care, like:
  - Free behavioral health services
  - Obstetric care
  - Medication management
- Enhanced community health programming

## Current challenges for rural 340B covered entities

- Erosion of 340B savings due to contract pharmacy restrictions by manufacturers
- Orphan drug exclusion
- Onerous reporting requirements
- Manufacturers rebate models
- Threats to disproportionate share hospital participation from Medicaid cuts

# Legislative Priorities

## Protecting Patients

**H.R.****2534**in 118th  
Congress

### Support the PROTECT 340B Act

*Reps. Spanberger (D-VA) and Johnson (R-SD)*

Prohibit discrimination against 340B covered entities or their contract pharmacies by holding payers and PBMs accountable for treatment of covered entities with regards to reimbursement of fees, patient's choice of pharmacies, and participating in standard or preferred networks.

**S. 2372/  
H.R. 4581**

### 340B PATIENTS Act

*Sens. Welch (D-VT), Merkley (D-OR), & Reps. Matsui (D-CA), Trahan (D-MA)*

Clarifies that manufacturers are required to offer 340B discount prices to covered entities regardless of manner or location drug is dispensed, ensures that manufacturers cannot place conditions on the ability of a covered entity to purchase and use 340B drugs regardless of the manner or location in which the drug is dispensed, and imposes civil monetary penalties on manufacturers that violate these statutory requirements and prohibition.

## Supporting Providers

### Rural 340B Access Act

*Reps. Bergman (R-MI) & Dingell (D-MI)*

Make eligible the newly established Rural Emergency Hospital (REH) designation for the 340B program.

**H.R. 44**

### Extend DSH waiver

Rural provider hospitals were protected from losing 340B status due to changes in their disproportionate share (DSH) thresholds during the Public Health Emergency. Now that this protection has ended, more than 400 mostly small, rural hospitals are at-risk of losing eligibility due to changes in Medicaid eligibility that continue to lower their DSH percentages. Congress must pass legislation to enact a 2-year extension for 340B eligibility protections.

**DSH  
Waiver**