



Health Centers and the 340B Drug Discount Pricing Program

for Senate Health and Welfare

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Bi-State Primary Care Association Mission and Vision

Mission

Promote access to effective and affordable primary care and preventive services for all, with special emphasis on underserved populations in Vermont and New Hampshire.

Vision

Healthy individuals and communities with quality health care for all.

Who We Are

Bi-State Primary Care Association was established in 1986 to serve Vermont and New Hampshire. Bi-State is a nonprofit, 501(c)(3) charitable organization that promotes access to effective and affordable primary care and preventive services for all, with special emphasis on underserved populations in New Hampshire and Vermont.

Bi-State members include federally qualified health centers (FQHCs), community health centers (CHCs), rural health clinics (RHCs), private and hospital-supported primary care practices, community action programs, area health education centers (AHEC), clinics for the uninsured, Planned Parenthood and social service agencies.

What We Do

Bi-State works with federal, state, and regional health policy organizations, foundations, and payers to develop strategies, policies, and programs that provide and support community-based primary health care services in medically underserved areas.

Bi-State's nonprofit recruitment center provides workforce assistance and candidate referrals to FQHCs, RHCs, and private and hospital-sponsored physician practices throughout Vermont and New Hampshire. The recruitment center focuses on recruiting and retaining primary care providers including physicians, dentists, nurse practitioners, and physician assistants.

For more information, please contact:

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340B Background

- Created in 1992 as part of the Public Health Services Act.
- Administered by the Office of Pharmacy Affairs in the Health Resources and Services Administration (HRSA).
- Applies to ‘qualified safety-net organizations’ known as covered entities.
 - Covered entity definition expanded under the Affordable Care Act.
- Created to:
 - allow covered entities to purchase drugs at an affordable rate in order to provide patients with affordable access to medications as well as to maintain the comprehensive services they provide their vulnerable patients.
 - “stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services” (H.R. REP No. 102-384(II), at 12 (1992)).
- Drug manufacturers that participate in Medicaid are required to also participate in the 340B program (Medicaid pays either the 340B rate or the drug rebate rate).

340B Fact Sheet by National Association of Community Health Centers: http://www.nachc.org/wp-content/uploads/2016/02/340B_FS_2014.pdf accessed 1/9/2018.

The 340B Drug Pricing Program provides eligible health care providers, such as health centers, access to outpatient drugs at reduced prices.

Which Providers are Eligible for 340B?



How Does the Program Work?

Manufacturers participating in Medicaid agree to provide outpatient drugs to eligible providers at reduced prices.



Reinvesting in the Health Centers

- ✓ Expanded Access to Services
- ✓ Reduced Drug Prices
- ✓ Improved Health Outcomes



By purchasing medications at a lower cost, health centers can pass the savings along to their patients through reduced drug prices, and/or use the additional savings to support their mission to expand access and improve health outcomes for their patients.

How it works

1. **Manufacturers** set the Average Manufacturer Price or Wholesale Acquisition Cost.
2. **HRSA** sets 340B Ceiling Prices (AMP minus the Unit Rebate Amount) and maintains this confidential list.
3. **Prime Vendor:** establishes 340B price for all outpatient prescription drugs prescribed by the covered entity. The Prime Vendor can negotiate discounts even lower than 340B alone. This becomes the wholesale cost for the covered entity for a specific drug. *there can be a sub-prime vendor who also negotiates prices further.
4. **Covered Entity:** participate in the 340B program (through HRSA-OPA).
 1. **FQHCs** are required by statute to reinvest all 340B savings into activities that are approved under their HRSA Scope of Project and advance their charitable mission.
5. **Patient:** must have an established relationship with the covered entity, receive care from a provider associated with the covered entity, and receive a range of health services beyond prescription drugs in order to receive 340B-purchased drugs.