



Purpose of 340B program is to subsidize health care organizations providing care to underserved populations

- Created in 1992 as part of the Public Health Services Act to “enable [covered] entities to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”¹
- Applies to “qualified safety-net organizations”—all of Vermont’s hospitals qualify for the 340B program
 - Children’s Hospitals
 - Critical Access Hospitals
 - Disproportionate Share Hospitals
 - Free Standing Cancer Hospitals
 - Rural Referral Centers
 - Sole Community Hospitals
- Administered by the Health Resources and Services Administration (HRSA). Drug manufacturers that participate in Medicaid must also participate in the 340B program.
- The 340B program keeps hospital doors open.
 - Funds hospital health assistance programs
 - Funds programs to address substance use disorder

Protecting 340B Program for Hospitals and FQHCs

- In the past few years, there has been a concerted effort to undermine the 340B program by pharmacy benefit managers (PBMs).
- The language we are asking to make permanent came out of an effort by a PBM requiring pharmacies to report every prescription that is filled with a 340B drug within 10 days of filling it. If the pharmacy did not comply, they risked losing their entire contract.
- [Eliminating the sunset](#) on the current protections that have been in place since 2021 will allow hospitals and FQHCs to provide services to underserved populations.

¹ H.R. Rep. 102-384,102d Cong., pt. 2, at 12 (2d Sess. 1992).