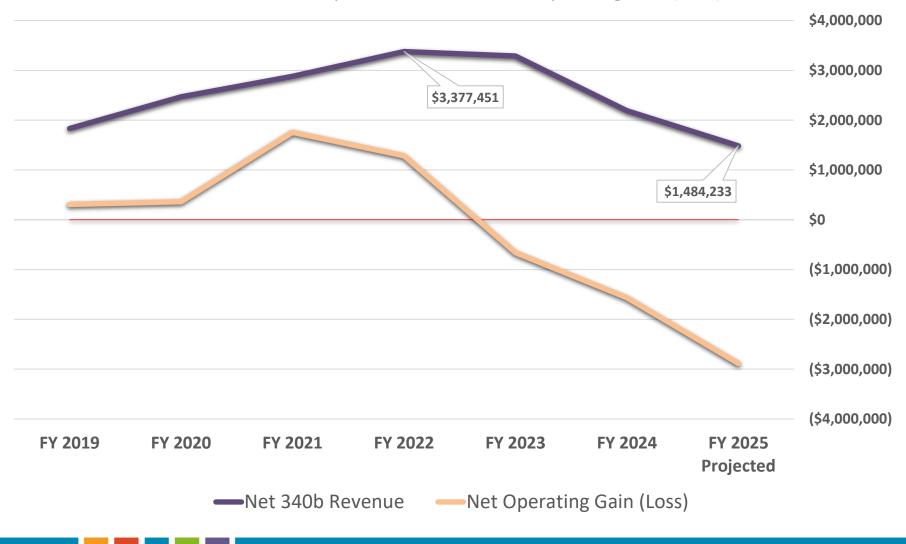


340b Contract Pharmacy Impact Jeff McKee, CEO February 27, 2025



Community Health Centers

Contract Pharmacy Net Revenue and Net Operating Gain (Loss)





340b FAQ

- Does 340b help vulnerable patients gain better access to medicines
 - Yes! Prescriptions are the end result of a patient first accessing care. No care > No medicine.
- Does 340b drive utilization?
 - No! The complicated 340b program is not even remotely in the mind of practicing providers. But the availability of new, high-priced medications advertised ubiquitously is very much on the mind of patients.



340b FAQ

- Is the 340b program responsible for the increase in Contract Pharmacies.
 - Yes! By definition the 340b Program is what creates contract pharmacies. CHC and many other FQHCs sought out contracts with <u>ALL</u> pharmacies in their catchment area.
- No! Does 340b squeeze out small and rural retailers?
 - No! But manufacturer restrictions do. Every month since 2021 there have been new restrictions placed on Covered Entities reducing savings and increasing administrative burden.
 - Limitations <u>placed by manufacturers</u> force CEs to make choices about which contract pharmacies to use.



340b iFAQ

- Where do 340b savings go?
 - Covered Entities (FQHCs, Hospitals)
 - Dispensing fees (Retail Pharmacies)
 - Admin Fees (Third Party Administrators aka TPAs)
- What do covered entities do with the savings?
 - Homeless healthcare
 - Rural outreach
 - Interpreter supported care
 - Operational support deficits, un(der)funded programs



Impact to CHC

- 340b Restrictions have impacted CHC this year by at least \$1.8 Million
- **H.266** is an essential component of stabilizing the crumbling FQHC foundation, along with:
 - Medicaid Reimbursement Rate Changes.
 - Funding to bridge the gap between the ACO and the AHEAD model.

Community Health Centers Contract Pharmacy Net Revenue and Net Operating Gain (Loss) \$4,000,000 \$3.000.000 \$3,377,451 \$2,000,000 \$1,000,000 \$1,484,233 \$0 (\$1,000,000) (\$2,000,000) (\$3,000,000) (\$4,000,000)FY 2025 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 Projected Net Operating Gain (Loss) Net 340b Revenue