340b Contract Pharmacy Impact

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February 27, 2025

Community Health Centers

Contract Pharmacy Net Revenue and Net Operating Gain (Loss)

$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
($1,000,000)
($2,000,000)
($3,000,000)
($4,000,000)

$3,377,451
$1,484,233

FY 2019
FY 2020
FY 2021
FY 2022
FY 2023
FY 2024
FY 2025 Projected

Net 340b Revenue
Net Operating Gain (Loss)

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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.

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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 ALL 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 placed by manufacturers force CEs to make choices about which contract pharmacies to use.

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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

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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.