

MYTH

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FACT

About the 340B Drug Pricing Program

The 340B drug pricing program was created by Congress in 1992 in order to help qualifying safety net health care providers be able to purchase drugs at reduced prices in an effort to stretch limited resources in the service of patients.

Many but not all MN hospitals qualify for this program.



340B was intended to deliver discounted drugs directly to patients.



340B was created to allow safety-net providers to buy outpatient medicines for less.

They use the savings to stretch resources so they can provide a variety of services, drugs, and better care to patients.



340B uses taxpayer money.



340B is not funded by taxpayers. Drug companies who participate in Medicare are required to sell drugs to providers at discounted prices. A government agency, the Office of Pharmacy Affairs, receives a small congressional appropriation to administer the program.



Too many providers qualify for 340B.



Both Republicans and Democrats have expanded 340B to cover those parts of the safety net people need most. The most recent expansion added small rural hospitals with 25 or fewer beds (Critical Access Hospitals).



340B is a big financial drain on drug companies.



340B discounts to all providers amounted to \$6 billion or 1.3% of total U.S. drug sales in the U.S. in 2015. In contrast, drug companies spent four times as much on marketing and advertising their products.



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Hospitals already have enough money.



For-profit hospitals are ineligible for 340B. Only public and nonprofit hospitals that serve large numbers of Medicaid and low-income Medicare patients or are located in rural areas qualify. Many of these providers operate at a loss.



340B hospitals provide less charity care than average.



340B safety net hospitals provide more than twice as much care to Medicaid and low-income Medicare patients, provide a disproportionate amount of uncompensated care (60%), and are more likely to provide specialized health care services.



Hospitals are benefitting from duplicate discounts on 340B drugs.



The 340B statute directly prohibits Medicaid agencies from collecting a rebate if there's already a 340B discount provided.



Minnesota
Hospital Association

There's a lot of misinformation out there. Get the facts.

protectmnpatients.org/340b/