



ADVOCATES FOR  
COMMUNITY  
HEALTH

# 340C PROPOSAL

## OVERVIEW

The 340B Program is a vital life line for federally qualified health centers, rural hospitals, and recipients of federal grant dollars. Unfortunately, it is slowly being eroded by the actions of state policymakers, pharmaceutical companies, and pharmacy benefit managers.

The time is long overdue for reform of the program, but it must be achieved without destabilizing our country's safety net. Federal reform of the 340B program should hold entities accountable for the use of their 340B savings, and entities should be required to maintain auditable records to document compliance. As entities commit to these important accountability standards, Congress should ensure that the program is fully benefitting those entities.

## BENEFIT

340C creates a new provision under the 340B program in which pharmaceutical companies participating in the Medicaid program offer discounts to covered entities. Covered entities include those that commit to requirements around reinvestment of savings.

## ACCOUNTABILITY

Under the draft bill, any funds generated from the benefits conferred under this section shall be reinvested into program operations, patient care, and other appropriate and beneficial activities, as determined by the covered entity leadership, to the populations served. Entities are subject to audits of records that establish their compliance with this requirement.

## BENEFIT PARAMETERS

Entities that meet accountability standards are entitled to:

- Reimbursement at WAC for all Medicaid drugs
- Protection against discriminatory network and reimbursement actions by health insurers and PBMs
- Use contract pharmacies as necessary

## IMPLEMENTATION

The bill maintains key provisions of the original 340B program, including the prime vendor, certification processes, and a prohibition on resale of drugs. It provides HRSA regulatory authority to implement the legislation and authorizes appropriations in such sums as necessary.