

340B is a Lifeline for Community Health Centers

- The current reach of community health centers would not be possible without the 340B program. In today's economic environment, health centers increasingly depend on the 340B program to meet their mission.
- Health centers work tirelessly to meet the complex and evolving needs of their patients, serving all who seek care, regardless of their insurance status or ability to pay.
- Data has shown that health centers' grants and payer reimbursements consistently fail to cover the cost of the comprehensive services provided in the CHC environment.
- By allowing the purchase of drugs at a discounted price, the 340B program enables CHCs to serve more patients, at a higher level of complexity, than they otherwise could.
- As required by law and regulation, and as core to our mission, CHCs reinvest every dollar of program income back into patients.
- Health centers are proud to re-invest 340B savings into initiatives like medication adherence programs, outreach workers for hard-to-reach populations, and population health projects that improve individual and community health.
 - *Please share specific examples of how your health center is using 340B dollars to expand access to care and serve underserved populations.*
- Health centers are a prime example of the intent behind the 340B program's creation: to maximize federal investment and expand care to underserved communities as effectively as possible.
- While CHCs only make up a small part of the 340B program, it has an outsized impact for community health centers and their patients. Health centers represented just 5.1% of the total purchases made in the 340B program in 2022.

CHCs' Ability to Benefit from the 340B Program is Eroding

- Unfortunately, health centers' ability to access and leverage this vital program is eroding, and time is of the essence. This could not come at a worse time, as myriad financial challenges are already straining health center budgets.
- The 340B program is being steadily eroded by the actions of state policymakers, pharmaceutical companies, and pharmacy benefit managers, to the detriment of the nation's safety net providers.
- **Contract Pharmacy Arrangements:** 340B covered entities are permitted to distribute 340B drugs to patients through contracting with external pharmacies, as opposed to in-house pharmacies. This is particularly helpful in rural communities, where health centers

may be farther apart and access to a local pharmacy is a better way to facilitate patient access to care.

- Drug manufacturers are increasingly imposing restrictions on the use of contract pharmacies under the 340B drug pricing program, in an effort to narrow the program, hindering access to care for vulnerable populations.
- **PBM and Insurance Company Reimbursement:** Pharmacy benefit managers (PBMs) and insurance companies impose policies that lessen health center savings from the 340B program.
 - For example, they may treat 340B providers differently than other providers in terms of reimbursement, participation in standard or preferred networks or inventory management systems, or they may interfere in a patient's choice to receive drugs from a 340B pharmacy.
 - This reduces health centers' savings from the program and impacts the provision of patient care.
- **State Medicaid Program Action:** Several states have enacted or plan to enact policies that would lessen or eliminate health center savings from the 340B program.
 - For example, in January 2019, California's governor signed an executive order to create a single-purchaser system for prescription drugs in California, which will ultimately transition pharmacy services in Medi-Cal Managed Care to fee-for-service.
 - This transition will eliminate the savings that health centers receive from the 340B program in Medi-Cal Managed Care all of which goes back into the community to support access to care and patient programming.

ACH 340C Proposal

- That is why Advocates for Community Health (ACH), along with member Health Centers and partners, has developed the [340C proposal](#).
- This proposed legislation would allow entities to opt into a voluntary subset of the 340B program, "340C," through which the entity would commit to accountability and transparency standards, documenting how they are using the funds they accrue from the program.
- As entities commit to these important accountability standards, in return they would receive:
 - Guaranteed reimbursement for Medicaid drugs at wholesale acquisition price (WAC),
 - Protection against discriminatory network and reimbursement actions by health insurers and PBMs,
 - Allowed use of contract pharmacies as necessary.
- This is not legislation to reform the 340B program overall, but to help health centers weather current challenges until larger 340B reform is enacted.
- Over 100 stakeholder organizations have joined together to endorse 340C as a way to help health center continue to benefit from the 340B program.

340B Program Reform

- Advocates for Community Health (ACH) strongly supports Congressional efforts to reform the 340B Program because of the current instability in the market that negatively impacts community health centers.
- Reform of the program is long overdue, but it must be achieved without destabilizing our country's safety net.
- For ACH to support a specific reform proposal, the efforts must result in a net positive impact for health centers, and the process must be clear, transparent, and inclusive.
- 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.
- We are committed to working with lawmakers, 340B program stakeholders, and other interested parties to identify policy changes to restructure this program in a way that most benefits patients and their communities.

ACH Positions on 340B Reform Proposals

- **SUSTAIN Act:** Advocates for Community Health [applauds the Senate's bipartisan 340B working group](#) for its work to develop the Supporting Underserved and Strengthening Transparency, Accountability, and Integrity Now and for the Future of 340B Act (SUSTAIN Act). ACH has submitted formal, detailed comments at every step along this bill's development (see [here](#), and [here](#)), is in close contact with sponsor offices, and looks forward to reviewing the next iteration of this legislation when it is released.
- Advocates for Community Health has endorsed HR 7635, [the 340B Pharmaceutical Access to Invest in Essential, Needed Treatments & Support \(PATIENTS\) Act of 2024](#). This legislation, introduced by Representative Doris Matsui (D-CA-7), would ensure access to contract pharmacies for 340B covered entities.
- Advocates for Community Health does not support [the 340B Affording Care for Communities and Ensuring a Strong Safety-Net Act \(340B ACCESS Act\)](#) in its current form. This legislation was recently introduced by Representatives Larry Bucshon, MD (R-IN-08), Buddy Carter (R-GA-01), and Diana Harshbarger (R-TN-01), and we believe it would result in an unacceptable reduction in the value of the 340B program to health centers, which would restrain their ability to care for patients and continue expanding access to care for those most in need.