



ADVOCATES FOR  
COMMUNITY HEALTH  
United for Health and Innovation

WHITE PAPER

# PROTECTING THE 340B PROGRAM FOR HEALTH CENTERS WITH 340C



The 340B program should expand and strengthen access to care for underserved patients and their communities. Instead, it is being systematically undermined.

Patients and providers need reform now.

This is why we created 340C.

**June 2024**

Updated March 2025



# Overview

Community health centers (CHCs) provide the gold standard of primary care for 32.5 million Americans every year. CHCs prevent and manage chronic disease, they save federal taxpayer dollars, and their make their communities safer.

None of this would be possible without the 340B program.

The 340B program fills the gap between the cost to provide the highest standard of care and levels of funding, as Congress intended.

By allowing the purchase of drugs at the discounted 340B price, health centers and other covered entities can funnel savings into serving more patients and providing expanded services.

Building capacity at health centers is especially important as the nation faces the rising crisis of chronic disease. Health centers depend on the 340B program to meet their mission, putting every dollar received back into the communities they serve.

## Who We Are

Advocates for Community Health (ACH) is a national membership organization focused on visionary policy and advocacy initiatives to effect positive change across the Health Center Program and nation's health care system.

Rooted in community health, our membership comprises of forward-thinking, federally qualified health centers (FQHCs) leading the way in modeling comprehensive, integrated primary care and innovations to help shape a rapidly evolving health care landscape.



Founded in  
2021



44 Members Strong



3.7M+ Patients  
Represented



21 States  
Represented Plus  
DC & Puerto Rico

# The Problem

The 340B program is being steadily eroded by the actions of the for-profit private sector: pharmaceutical companies, and pharmacy benefit managers (PBMs). These power players are clawing back Medicaid dollars, cutting reimbursements, and instituting illegal restrictions on contract pharmacies.

ACH is calling on Congress to reform the 340B program to protect health centers that care for their constituents.

Health centers, which represent just 5% of total purchases in the 340B program, are the safety net provider for which this program was created. CHCs should receive the full value of the 340B program.

CHCs are also responsible for assuring policymakers that they are good stewards of the program. We invite accountability for the use of their 340B savings, including the maintenance of auditable records to document that they are using their savings as the program intends.

ACH supports reform of the 340B program, but recognizes that full-scale reform might take some time – time that health centers don't have.

We have developed a bridge proposal, 340C, that allows CHCs to continue to use the 340B program to serve their patients and communities.



**Health centers represented just 5.4% of the total purchases made in the 340B program in 2023.**

Source:  
<https://www.hrsa.gov/opa/updates/2023-340b-covered-entity-purchases>

# The Solution: 340C

The 340C proposal balances the need for stability with the need for accountability. Not all are ready; 340C would be “opt-in” and available to all covered entities who participate in the 340B program.

Under 340C, once an entity opts in, any funds generated from 340C program savings must be reinvested into program operations, patient care, and the community that the entity serves. Entities would be subject to compliance audits to enforce this requirement.

Entities that meet accountability standards would then be entitled to:

- Protection against private sector discriminatory actions, including pharmaceutical companies, health insurers and PBMs,
- Full access to contract pharmacies.

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

## Benefits for All

### For Patients

- Expanded hours, additional services, and increased staffing are services that 340B & 340C can support.
- 340B & 340C can ensure access to programs like medication treatment management, specialty drug management and other pharmacy services.
- Drugs consistently available on a sliding scale.



### For FQHCs

- Under 340B, FQHCs invest savings back into their community and patients where they need it most.
- Accountability standards in 340C are in line with the transparency that FQHCs are committed to.



### For Rural Health Providers

- 340C provides guaranteed access to lower-cost medications at pharmacies in patient communities without having to travel long distances.
- Increased infrastructure in rural settings is often funded by 340B savings.



### For Taxpayers

- The 340B program dramatically expands and improves the country’s safety net without using a single dollar of taxpayer money.
- Eliminating or scaling back 340B would increase taxpayer burden to fund services.



# Frequently Asked Questions

## Why Protect Against Discrimination from the Private Sector?

Pharmacy benefit managers (PBMs) and insurance companies have reduced payment, changed networks and interfered in patient choice - all to make profit from a program intended to support the safety net. More recently, pharmaceutical companies are shifting from the legally required up front discount to a back-end “rebate model.” These actions reduce health centers’ savings from the program and impacts the provision of patient care.



## Why Allow Full Access to Contract Pharmacies?

340B covered entities are already permitted to dispense 340B drugs to patients through contracting with external pharmacies, as well as in-house pharmacies. This is particularly vital 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.

# 340C Breakdown

## 340C

<b>Overview</b>	Voluntary subset to the existing 340B program that offers certain new program elements if entities agree to certain accountability and transparency standards.
<b>Status of Proposal and Source of Information</b>	Legislation drafted, available from ACH
<b>Champions</b>	Advocates for Community Health
<b>Eligibility for Participation</b>	Open to any entity that currently participates in the 340B program on an opt-in basis.
<b>Patient Definition</b>	No changes made.
<b>Contract Pharmacies</b>	Entities can contract with pharmacies as necessary, without limitations.
<b>Protection Against Discrimination by PBMs and Insurers</b>	PBMs/insurers forbidden to discriminate. These entities are subject to civil monetary penalties up to \$5,000 per day.
<b>Program Governance</b>	Provides authority to HHS to issue regulations as necessary.
<b>Public Reporting</b>	By request of the Secretary.
<b>Requirements Related to Reinvestment of 340B Savings</b>	Requires that entities reinvest any funds generated from participation into program operations, patient care, and other appropriate and beneficial activities, as determined by the covered entity leadership, to the populations served.
<b>Discounts on 340B Drugs for Patients</b>	On a sliding fee scale as required by statute and regulation.
<b>Audits</b>	A covered entity shall permit the Secretary (acting in accordance with procedures established by the Secretary relating to the number, duration, and scope of audits, which shall be no more frequent than once every three years) to audit at the Secretary's expense the records of the entity that directly pertain to the entity's compliance with the bill's requirements.

# 340C is Member Driven



**Rashad Collins**  
*Chief Executive Officer*  
Neighborcare Health  
Seattle, WA

Advocates for Community  
Health Member



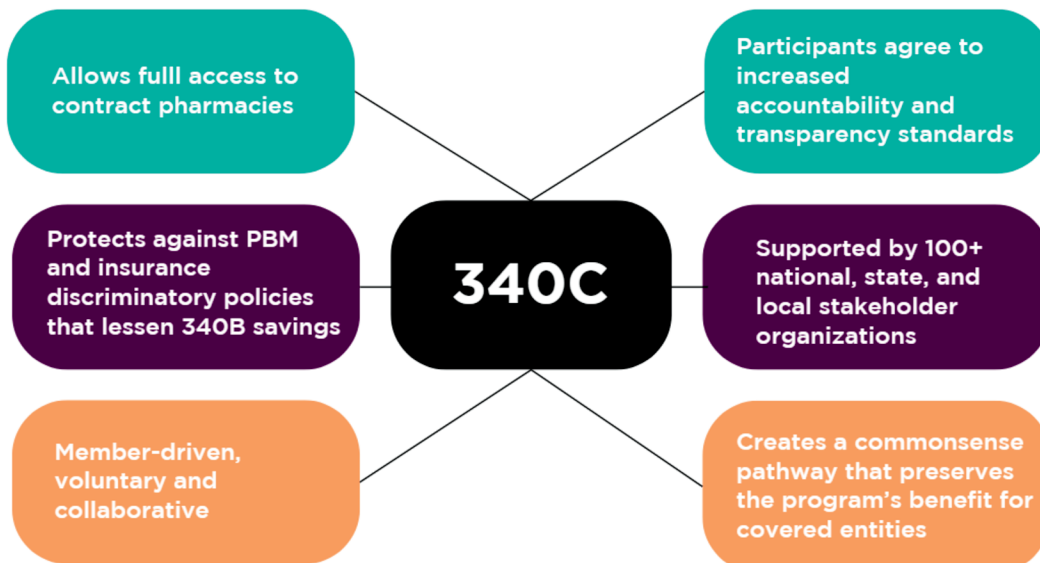
The 340B program is an extremely important program for our organization. It allows us to reinvest critical resources back into the organization to care for our patient population. 340B allows us to take those resources, and by that reinvestment, it allows us to focus on providing resources to more than just our pharmaceutical program. For example, our midwifery program where we have certified nurse midwives that round at a partner hospital in Seattle 24 hours a day, 365 days a year. By understanding challenges that women of color have from giving birth and the infant mortality rate, our midwifery program allows us to provide that support.

The outcomes we've been able to generate are phenomenal, and we're able to do that through the resources we generate from 340B.



## Conclusion

We urge Congress to consider the 340C proposal to ensure that the 340B program can continue to serve as a critical resource for health centers for years to come.



Read more  
about 340C





ADVOCATES FOR  
COMMUNITY  
HEALTH

1575 I St NW, Suite 300  
Washington, DC 20005

**[advocatesforcommunityhealth.org](https://advocatesforcommunityhealth.org)**