



The Facts:

- **The 340B drug pricing program is an essential component of our safety net system**, providing low-cost prescription drugs to patients and allowing hospitals to reinvest directly into their communities.
- **Threats to 340B are a threat to hospital care.**
- **The program works.** Preserving the 340B program for all eligible providers protects patient access, overall healthcare costs, and the stability of Massachusetts hospitals during a time of tremendous financial turmoil.

340B: A RARE SOLUTION

- ✓ Improves healthcare access and equity
- ✓ Reduces costs of expensive drugs
- ✓ Contributes to hospitals' overall viability
- ✓ Funded by pharmaceutical companies, not taxpayers

Powerful drug companies are behind the national efforts to weaken 340B.

What is 340B?

The 340B drug discount program is a bipartisan federal program created to protect hospitals and patients from high drug costs, while maximizing scarce resources to support essential healthcare services for historically marginalized communities – all at no additional cost to taxpayers.

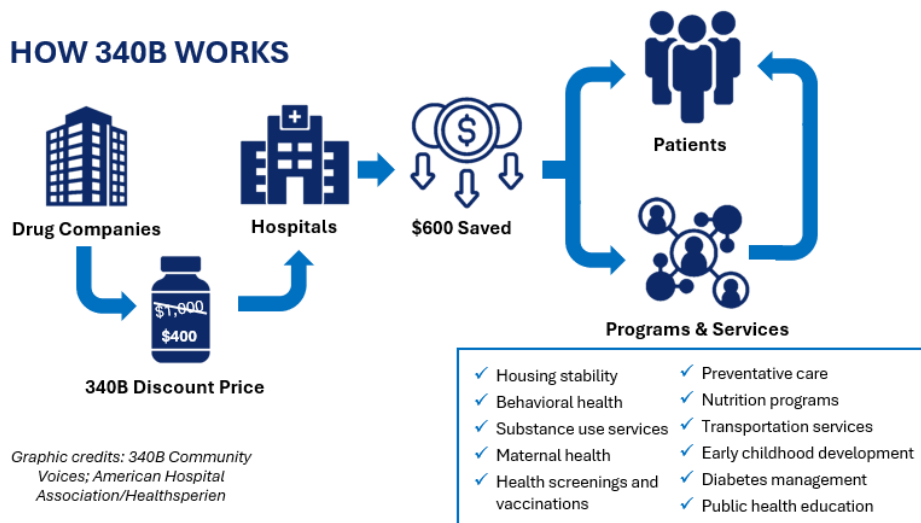
340B requires pharmaceutical manufacturers to sell outpatient drugs at discounted prices to healthcare organizations that care for uninsured and low-income patients. Federal authorities heavily regulate this program.

Who Participates?

340B organizations include federally qualified health centers, specialized clinics, and several types of hospitals, including critical access hospitals, sole community hospitals, rural referral centers, and public and non-profit disproportionate share hospitals (DSH) that serve low-income populations. In turn, patients in those communities are direct beneficiaries of the program.

Why is 340B Essential?

Savings from the 340B program allow eligible hospitals in Massachusetts to support patient services that would normally operate at a loss due to Medicaid and Medicare underpayment. By receiving discounts on expensive drugs from profitable pharmaceutical companies, hospitals are able to devote more resources to services that support their patients and communities, which improves healthcare access and advances health equity. Many community health programs are made possible through 340B savings, including those offering free vaccines, behavioral health and telehealth services, and free or discounted medications.



How Does the Program Work?

The 340B program empowers eligible hospitals to purchase certain outpatient drugs at a discounted price. This is especially critical at a time when pharmaceutical prices are growing rapidly and many patients have challenges affording the medications they need.

These savings are drawn from pharmaceutical profits. They account for just 3% of drug companies' profits nationally.

The 340B discount price, set and regulated by federal authorities, is currently 23.1% less than the price that wholesalers pay to drug companies. Due to variation in wholesaler contract agreements, the federal government estimates the average discount to 340B hospitals to be between 25% and 50%. Hospitals then use the savings to support essential care services and make community investments.

340B allows hospitals to save on medications that they are already buying to care for their patients. When these medications are dispensed to patients at a pharmacy, a claim is generated and the patient's insurance is billed. The reimbursement amount from the insurer is the same for both 340B and non-340B hospitals, meaning the 340B hospital achieves savings because it purchased the drug at a lower price. These savings are used to offset the costs of expensive pharmaceuticals, expand and maintain healthcare services, invest in workforce, subsidize government underpayment from Medicaid and Medicare, and support numerous community benefit programs.

THE THREAT

Contract Pharmacy & Manufacturer Discriminatory Practices

The powerful pharmaceutical industry has mounted a coordinated national effort to weaken 340B, as it seeks to maximize profits and eliminate the savings that make an enormous difference to local healthcare.

For-profit pharmacy benefit managers (PBMs) and drug manufacturers are already diverting savings away from 340B providers through discriminatory practices. The role of PBMs, which work for insurance companies and other entities to negotiate prices with drug companies, has become especially problematic. As is well documented, PBMs are incentivized to maximize their own profits, a goal that stands in direct conflict with the objectives of hospitals and clinics participating in the 340B program. These for-profit entities lack transparency in their negotiation and rebate practices and are widely criticized for inflating prices to support their own bottom lines. This opacity can obscure how much of the savings and discounts from the 340B program are actually passed on to covered entities like hospitals and clinics.



These mounting pharmaceutical industry restrictions are diminishing savings owed to 340B hospitals, while increasing margins for drug manufacturers and for-profit pharmacy benefit managers/wholesalers. And they are being imposed at the worst possible time, as hospitals continue to struggle financially and face hardships with workforce shortages and increased medical supply and medication costs. Cuts to the 340B program would be devastating to local hospital finances, which are already extremely unstable. According to the Center for Health Information and Analysis, 75% of hospital health systems are operating in the negative through Q1 of FY2024. The statewide median operating margin stands at negative -0.1% and 50% of hospitals are operating in the negative.

Meanwhile, drug companies' revenue grew by an estimated \$347 billion between 2017 and 2022.

Without 340B savings, Massachusetts hospitals may have to limit certain patient services and free care offerings, meaning already at-risk communities would lose access to valuable, life-saving care and medication.

Closer to Home

In addition to challenges posed by for-profit drug companies, Massachusetts 340B hospitals will lose additional savings due to a MassHealth reimbursement restriction.

In January, the Executive Office of Health Human Services (EOHHS) issued Bulletin 109 to its Managed Care Entities directing those managed care plans not to reimburse certain drugs prescribed to MassHealth members if the drugs were purchased through the 340B drug pricing program. EOHHS will only allow the managed care plans to pay for the listed drugs when providers use “non-340B stock.”

Based on feedback from hospitals, this policy will have serious negative implications to provider finances and operations, which in turn will negatively affect patient access to these drugs and other important services. **In fact, the effect of the proposed MassHealth policy will be greater than the loss of 340B margins that eligible hospitals currently receive.** Of greater concern, this payment policy will have even more significant ramifications if EOHHS expands the number of drugs subject to the new payment directive.

A Solution Worth Protecting

The 340B program is a rare solution that improves care access for patients, manages overall healthcare costs, and helps keep local hospitals viable. Without it, many patients could have trouble getting the affordable medications and critical health services they need, jeopardizing their health and wellbeing.

Massachusetts simply cannot afford to see the program weakened. Local policymakers, regulators, and healthcare leaders all play a role in preserving this essential resource.

In Their Own Words: How 340B is Helping Local Hospitals & Communities

Below are short snippets from local hospitals that illustrate the integral nature of 340B in their service to patients and daily operations. [Read the full testimonials here.](#)

“Our 340B savings help support operations at Baystate Medical Center, Baystate Franklin Medical Center and Baystate Noble Hospital. Those savings allow us to continue to provide access to care for all patients, regardless of income level.

We use our 340B savings for our Pharmacy Discharge Prescription Service, to provide clinical service at our community health centers, to supply Narcan to first responder, and to embed trained pharmacy liaison at key locations.”

– **Baystate Health**

“From a community perspective, the 340B Program plays a crucial role in improving public health outcomes. By reducing the financial burden on patients, especially those from low-income backgrounds, the program increases medication adherence, which is vital for managing chronic conditions and preventing hospital readmissions.”

– **Berkshire Health Systems**

“The 340B discount pharmaceutical pricing program supports critical programs for the Beth Israel Lahey Health patient community. This program supported the construction and continues to support the on-going operations of an on-site pharmacy at the Bowdoin Street Health Center in Dorchester. This health center based pharmacy has expanded access to medications for the health center’s approximately 11,000 patients and other members of the Bowdoin-Geneva community.”

– **Beth Israel Lahey Health**

“With retail pharmacies closing across the state, CHA provides essential access to medications and pharmacy services, annually filling nearly 700,000 prescriptions through its retail pharmacy program. 340B Program savings enable CHA to offer services that improve prescription medication access such as home delivery, bedside delivery, prescription financial assistance, and to provide patient education and medication therapy management.”

-- **Cambridge Health Alliance**

“Heywood Healthcare relies heavily on the 340B program to deliver affordable care and subsidizes needed services to the communities it serves...

...Any material change to the 340B program will cause Heywood Healthcare to re-evaluate the services it provides to its communities. This may cause Heywood to reduce or close those needed community services that it can no longer support.”

– **Heywood Healthcare**

“Holyoke Medical Center has a public payer mix that is greater than 75%. Because of this high percentage, cost saving initiatives such as the 340B program are essential to our institution and our community. The 340B program helps HMC to continue to provide and expand high-quality healthcare to a vulnerable population. These services include comprehensive ambulatory pharmacy services, medication management, community navigation, clinics to address substance use and mental health disorders as well as vital cancer care.”

-- **Holyoke Medical Center**

“Today, at Lowell General Hospital, the savings from the 340B program support a substance use disorder clinic. Services provided by this clinic include medication assisted treatment, clinic funded transportation to local detox facilities, and connection to outpatient programs. Substance use disorders are very prevalent in the Lowell community. This clinic provides essential support to our patients and is a key part of the population health efforts at Lowell General Hospital.”

– **Lowell General Hospital**

“We use 340B savings to give real benefits to these patients. How?

- With or without insurance or money, patients needing care are never turned away
- Discounted or free medication to the underinsured or uninsured
- Enhanced clinical services like our new Diabetes Management Program or our Behavioral Health Initiative
- Preventive care offered with health screenings and vaccinations
- Health education and outreach initiatives in Community Health programs
- Housing initiatives, nutrition programs and transportation services”

– **Mass General Brigham**

“In FY23, we administered and supported programs that address urgent issues in our region, including behavioral and mental health, maternal/child health, chronic disease, health equity, food insecurity and homelessness. Southcoast’s sponsorship of and participation in these programs is possible in part by savings achieved through the 340B program.”

-- **Southcoast Health**

“At Tufts Medical Center, the care team at the ID clinic is able to provide additional services for patients such as resistance testing for HIV medications, allowing the team to use a patient-specific approach to medication management with the help of two pharmacists in the clinic. Without savings from the 340B, the hospital would not be able to provide personalized care and service for these complex patients, who are usually on at least five medications, manage their medication regimens to optimize treatment outcomes, monitor adverse effects, support adherence, and prevent readmissions.”

– **Tufts Medical Center**

“340B savings also support robust Community Benefits programs at all UMMH hospitals. These programs include charity care, subsidized health services, education, research, community-based programming and social services partnerships, many of which would be at risk of elimination without savings associated with 340B. At the Medical Center, 340B savings in 2022 resulted in \$19.6 million for Community Benefits programs, serving nearly 39,000 individuals that year. These savings are essential to the work we are doing in Central Massachusetts.”

– **UMass Memorial Health**