

Health Centers and the 340B Drug Discount Pricing Program: Increasing Access to Essential Medications and Services to Communities in Need

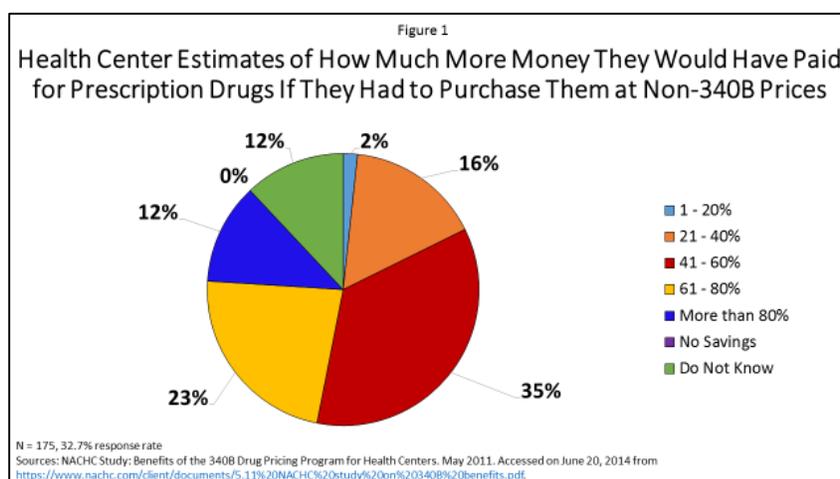
Community, Migrant, Homeless, and Public Housing Health Centers are community-based primary care organizations that provide high quality, accessible, and affordable health care to communities in medically underserved areas. Also known as Federally Qualified Health Centers (FQHCs), health centers provide comprehensive care to over 22 million people¹ who are predominantly low-income, uninsured, and under-insured, regardless of an individual's ability to pay or insurance status. Providing access to pharmacy services and affordable medications is a key component to health centers' comprehensive care model. The majority of health centers participate in the 340B Drug Discount Pricing Program,² and thus are able to provide accessible pharmacy services and affordable medications to their patients.

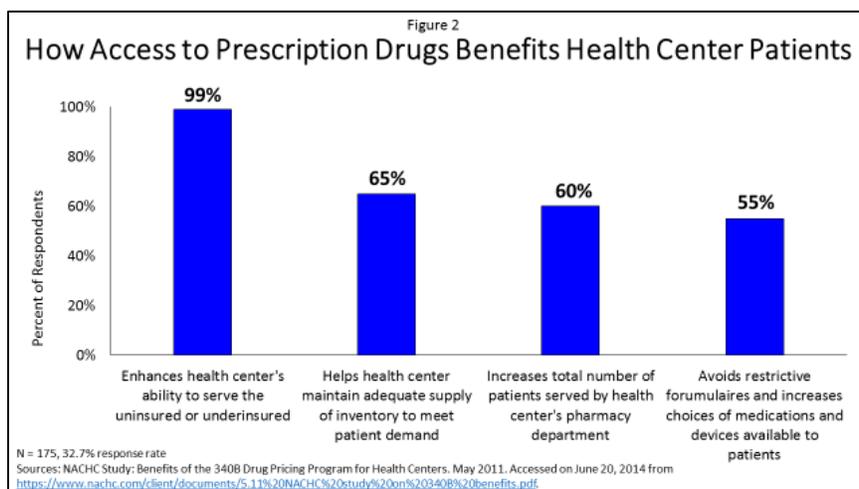
The 340B Drug Discount Pricing Program

Created in 1992 as part of the Public Health Service Act and administered by the Office of Pharmacy Affairs (OPA) in the Health Resources and Services Administration (HRSA), the 340B Drug Discount Pricing Program (the 340B Program) provides qualified safety-net organizations known as "covered entities," such as FQHCs among others, access to outpatient drugs at reduced prices. Drug manufacturers that participate in the Medicaid program are required to also participate in the 340B program.³ The 340B program was created to allow covered entities to purchase drugs at an affordable rate in order to provide patients with affordable access to these medications as well as to maintain the comprehensive services they provide to their vulnerable patients.

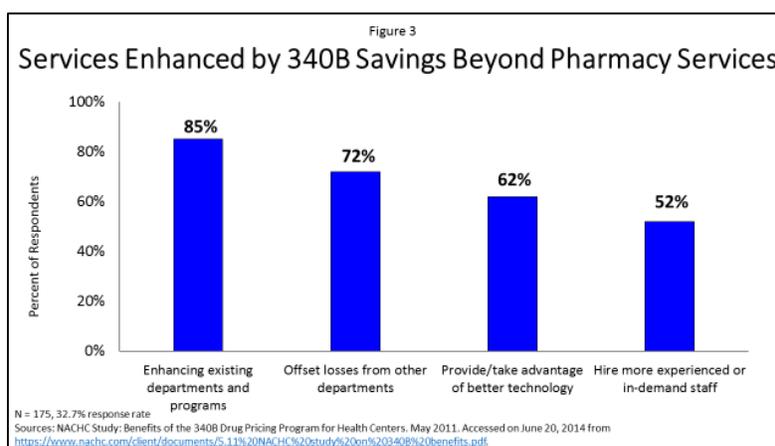
Reinvesting Savings from the 340B Program to Benefit Health Center Patients

The 340B Program has a significant impact on health center operations. In fact, based on a 2011 NACHC survey on the use and value of the 340B Program, an overwhelming majority of health centers (96%) consider the 340B Program important, particularly to increase access to prescription drugs for patients in need (93%).⁴ A majority of health center respondents indicated that if drug purchases were made at non-340B prices, health centers' costs would increase by a minimum of 41% (Figure 1). Increasing access to prescription drugs at reduced prices also provides other benefits (Figure 2).





In addition to providing better access to medications for patients in medically underserved communities, the savings from the 340B Program also result in an enhancement of all preventive and primary care services provided by health centers.⁵ The savings achieved from purchasing medications at reduced prices allow health centers to use more of their limited resources to expand services for those in need of care. Sixty percent of health center respondents stated that they were able to use their savings to extend services beyond those related to the pharmacy (Figure 3). Improved comprehensive care can improve health outcomes and reduce total health care spending by reducing hospital and ER admissions.⁶



The Need for the 340B Program

The 340B Program has become an important means for health centers to provide more cost-effective, comprehensive health care to patients who would otherwise be unable to afford necessary medications. It is vital to health center operations and a key element to the improved health of the patients they serve. Without the 340B Program, a wide range of services and patient benefits would potentially no longer be available.⁷

¹ NACHC, 2013. Includes all patients of federal-funded health centers, non-federally funded health centers, and expected patient growth for 2013. ² 2012 Uniform Data System, Health Resources and Services Administration, Bureau of Primary Health Care. Covered Entity Daily Report, Office of Pharmacy Affairs, Health Resources and Services Administration. ³ Office of Pharmacy Affairs, Health Resources and Services Administration. ⁴ NACHC Study: Benefits of the 340B Drug Pricing Program for Health Centers, May 2011. Accessed on June 20, 2014 from <https://www.nachc.com/client/documents/5.11%20NACHC%20study%20on%20340B%20benefits.pdf>. ⁵ NACHC Study: Benefits of the 340B Drug Pricing Program for Health Centers, May 2011. ⁶ California Primary Care Association. Value of Community Health Centers Study: Partnership HealthPlan of California Case Study, 2013 Jan. Accessed June 14, 2014 from <http://www.cPCA.org/cPCA/assets/File/Announcements/2013-01-29-ValueofCHCStudy.pdf>. Rothkopf J, et al. 2011. Medicaid Patients Seen at FQHCs Use Hospital Services Less than Those Seen by Private Providers. Health Aff. 30(7): 1335-42. Rust G, et al. 2009. Presence of a CHC and Uninsured Emergency Department Visit Rates in Rural Counties. J Rural Health. 25(1): 8-16. ⁷ NACHC Study: Benefits of the 340B Drug Pricing Program for Health Centers, May 2011.