

## 340B 101: How the Health Center Program and the 340B Program Intersect for Health Equity

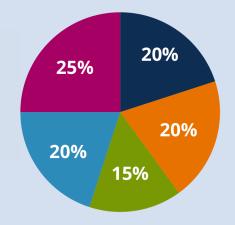
The 340B Drug Pricing Program has enabled Community Health Centers to deliver affordable and accessible services and medications to the most underserved and vulnerable individuals since 1992.

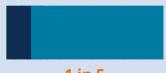
## 340B RESOURCES EXPAND HEALTH EQUITY

The 340B program enables health centers to stretch their scarce federal resources by offering outpatient medications at significantly reduced costs or free medications to uninsured and underinsured patients. Reimbursement for drugs purchased by the health center at a discounted rate generates savings that are reinvested into patient care.

Every penny of 340B savings is reinvested into activities that expand access to patients in medically underserved communities. This is required by federal law and regulations—and is the central focus of the health center mission. Each health center's patient-led board decides how to invest its 340B savings. Savings are used for equitable services that could otherwise not be funded such as:

- Expanding Substance Use Disorder
- Targeted Programs for Special Populations
- Supporting Workforce Needs
- Expanding Dental Services
- Expanding Behavioral Health Services





1 in 5
UNINSURED PEOPLE



1 in 3
PEOPLE LIVING IN POVERTY



1 in 7
RURAL RESIDENTS

### SLIDING FEE DISCOUNTS FOR HEALTH CENTER PATIENTS

The sliding fee discount program was first created in 1973 as part of the Health Center Program, which is administered by the Health Resources and Services Administration (HRSA) of the US Department of Health and Human Services (HHS).

The sliding fee scale is a vital tool for federally qualified health centers (FQHCs) and the 1 in 3 patients in poverty who get their health care at health centers across the nation. By charging fees based on a patient's income and household size, sliding fee scales make health care more affordable for all patients, regardless of their financial circumstances. This can reduce financial barriers to care, improve access for underserved populations, and improve the health of the community.

	Without 340B	
The FQHC loses \$80, all due to the sliding fee discount	Sliding Fee Patient Drug Cost \$100 Sliding Fee \$20 Net Cost \$80	FQHC loses \$80
	Insured Patient Drug Cost \$100 Insurance Pays \$100 Net Cost \$0	FQHC breaks even

With 340B			
The FQHC loses \$20. Their net cost for the uninsured	Sliding Fee Patient Drug Cost \$70 Sliding Fee \$20 Net Cost \$50	FQHC loses \$50	
patient is reduced \$50, and they retain \$30 savings on the insured patient.	Insured Patient Drug Cost \$70 Insurance Pays \$100 Net Cost \$30	FQHC retains \$30 savings	

## HOW DOES THE 340B PROGRAM EXPAND ACCESS AND GENERATE SAVINGS FOR HEALTH CENTERS AND PATIENTS? ONE EXAMPLE:

**Without 340B:** The federally qualified health center (FQHC) absorbs \$80 with sliding fee patients. FQHC breaks even with insured patients.

**With 340B:** The FQHC absorbs \$20. The net cost for the uninsured patient is reduced to \$50, so the FQHC retains \$30 savings on the insured patient. Savings are used for free or low-cost health care.

#### 340B PROGRAM STABILITY IS CRITICAL FOR HEALTH CENTERS AND PATIENTS

The 340B Drug Pricing Program has been a lifeline for the United States' health care safety net since the program began. As small community-based organizations, health centers use the 340B program and 340B savings to provide essential medications and health care to under—and uninsured individuals, preventing unnecessary and costly emergency care. 340B program funds ensure health centers can:

- Expand care coordination and mental health services.
- Fund programs to address social drivers of health.
- Support targeted programs for special populations (e.g., patients who are low-income, live in rural areas, or experience homelessness).

The lack of clarity around the 340B statute has created a crisis for community health centers (and the patients they serve). The consistency and dependability of health centers' access to the 340B program and its savings are essential for health center patients and providers.

# ACT NOW!

## PASS LEGISLATION TO PROTECT THE U.S. HEALTHCARE SAFETY NET

Congress must act now to fix the 340B program and pass legislation to protect the United States' true safety net. Legislation must ensure that health centers have consistent and dependable access to the 340B program and its savings for open access to primary care, regardless of changes in the patient population mix or the cost of prescription drugs.

