

Texas Hospitals Reinvest 340B Savings to Increase Access to Care

Rep. Kevin Brady (TX-8)



TEXAS HOSPITALS SUPPORT

- Preserving and sustaining the 340B drug discount program.
- Withdrawing the final rule from the Centers for Medicare & Medicaid Services to cut hospitals' Medicare reimbursement for drugs acquired under the 340B program.
- Immediately implementing CMS' final rule on 340B drug ceiling prices and civil monetary penalties for drug manufacturers.
- Reasonable program integrity efforts to ensure the program remains viable.

Approximately one in four Texas hospitals depends on the federal 340B drug discount program to serve their patients and communities. These hospitals have demonstrated to the U.S. Department of Health and Human Services that they care for a disproportionate share of low-income and Medicaid-insured patients or are a critical access or sole community hospital in an isolated, rural area. Participating hospitals must recertify their eligibility annually and meet numerous program integrity requirements.

Through the 340B program, pharmaceutical manufacturers sell drugs used in these eligible hospitals' outpatient settings at discounted prices. Participating entities can achieve savings of 25 to 50 percent on pharmaceutical purchases. There is no federal spending involved in the 340B program.

The Health Resources and Services Administration, which manages the program, estimates approximately \$6 billion in savings on outpatient drug spending in fiscal year 2015. While critical to hospitals and the low-income patients they serve, these savings represent just 1.4 percent of total drug spending.

Hospitals reinvest 340B savings for a broad range of purposes, including:

- Reducing – or eliminating entirely – the cost of prescriptions for uninsured and low-income patients.
- Expanding services offered to patients.
- Providing services to more patients.

Harris Health System

- 340B program participant since 1992
- \$648.7 million in uncompensated care costs
- \$169 million in 340B savings each year

The discounts provided by the 340B program allow Harris Health to provide clinical services to uninsured Harris County residents who otherwise would go without. These services include infusion therapy for individuals with cancer and multiple sclerosis.

The 340B program savings also fund five school-based health clinics that provide cost effective, high quality primary care to a population who does not have access to other health care services. At these clinics, children and adolescents may receive regular physical exams, primary care, comprehensive health screenings, sports physicals, developmental assessments, vision and hearing tests, immunizations, lead and anemia screening, health education, treatment of minor and acute illnesses, chronic disease management and, in two of the school-based clinics, behavioral health services.

Approximately 15,000 Houston-area students rely on these clinics each year for health care that keeps them healthy and ready and able to learn.

