

# Texas Hospitals Reinvest 340B Savings to Increase Access to Care



**Rep. Michael Burgess (TX-26)**



## 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.

## JPS Health Network

- 340B program participant since 1993
- \$176 million in uncompensated care costs
- \$50 million in 340B savings each year

With the savings generated by participating in the 340B program, JPS Health Network operates 20 school-based health centers in low-income neighborhoods in 13 different school districts throughout Tarrant County. These school-based health centers are open year round, even during the summer when school is not in session, to ensure that children and adolescents have access to the primary care services they need to stay healthy and ready to learn. Services include immunizations, preventive and sick care and management of chronic conditions, such as asthma and diabetes.

More than 43,000 low-income children students and their siblings rely on these school-based health centers for essential primary care services each year.

