OPCA
Oregon Primary Care Association

Brief Guide to 340B

Health Center Primary Funding

1. 340B Revenue
2. Federal Funds
3. Grants

340B 101

In 1992, Congress established the 340B Drug Pricing Program to encourage pharmaceutical manufacturers to provide discounted prescription drug prices to eligible healthcare facilities (covered entities). Covered entities are eligible for discounted medications through their own in-house pharmacies or through contractual agreements with external pharmacies in their communities.

Contract Pharmacies

Contract pharmacies are essential to the 340B program. They play a critical role in expanding patient access to affordable, life-saving medications by providing pharmacy services and dispensing discounted drugs to eligible patients on behalf of covered entities, including Federally Qualified Health Centers (FQHCs). Contracting with these community pharmacies enables health centers to provide accessible, life-saving treatments to all their patients, including those in remote or underserved areas.

www.orpca.org mcarty@orpca.org 503-930-6812

Key Benefit to Health Centers

The 340B program allows health centers to purchase medications from manufacturers at a discounted rate. Further, health centers are able retain savings generated from the difference between the discounted purchase price and the amount reimbursed by insurance providers. Health centers receive those savings regardless of where the prescription is filed - in-house or an external pharmacy.

Key Benefit to Patients

The 340B program provides significant benefits to FQHC patients by ensuring they can access their medications at affordable prices. Additionally, FQHCs must reinvest all 340B savings into patient care, often utilizing these funds to support or expand programs and services that are not typically billable under Medicaid. Many health centers have leveraged 340B revenue to enhance dental services, provide additional coverage for Medicare enrollees, and initiate street outreach programs. The 340B program is a vital public health initiative.

FQHCs can retain and hire vital healthcare staff

FQHCs can expand healthcare services to meet their communities needs

Patients can access services that are not typically covered by Medicaid

Patients receive their prescriptions at a discounted rate

340B PROGRAM REVENUE

Investing in Population Health

Federally Qualified Health Center (FQHC) 340B Revenue is required to be invested in patients, allowing health centers to create and expand vital programs.

New Access Points

340B revenue has allowed FQHCs to expand mobile health and street outreach teams.

Dental Programs

Many health centers throughout the state have expanded oral health services utilizing 340B revenue.

Affordable Medication

Health centers are able to offer free or reduced cost medications to their patients who need it through the 340B program.

Integrated Services

340B revenue has broadened health center services - from dieticians to maternal health.

The 340B program allows FQHCs to provide holistic care that they would otherwise not have the resources to offer throughout our state. Contract pharmacies are essential for maximizing effective healthcare. Supporting this legislation will help safeguard Oregon’s FQHCs and the patients they serve.

This bill ensures that FQHCs and their patients have uninterrupted access to life-saving medications by lifting drug manufacturers' shipping restrictions on contract pharmacies. A '**yes**' vote is step towards protecting vital healthcare services for Oregonians.

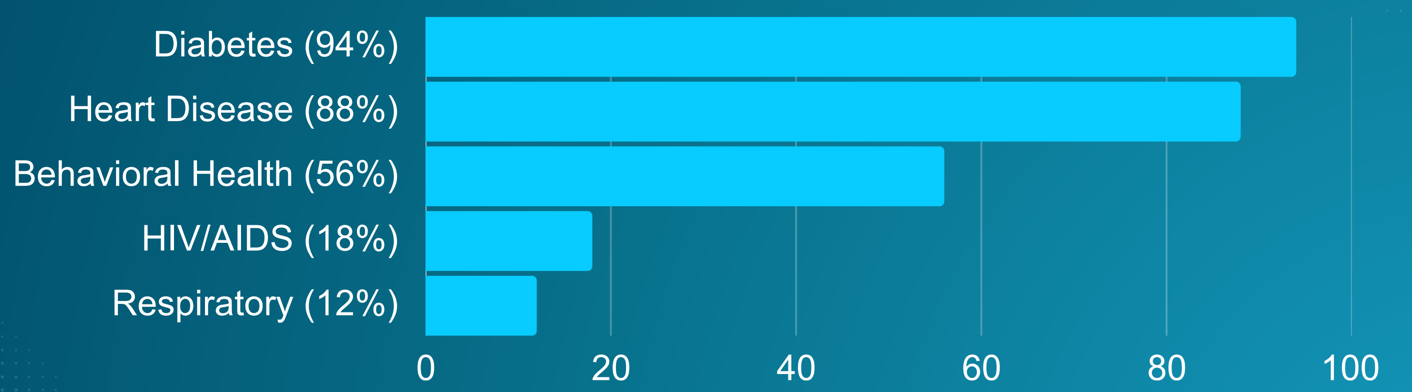
www.orpca.org mcarty@orpca.org 503-930-6812

Drugs supported through the 340B program help patients manage their chronic conditions

Since 2020, drug manufacturers have restricted Federally Qualified Health Centers' ability to contract with external pharmacies in their communities. These limitations have reduced patient access to life-saving medications and have directly affected FQHC funding.

As these manufacturer restrictions become more prevalent, Oregon's safety-net program is unjustly constrained, adversely impacting hundreds of thousands of Oregonians ability to access life-saving medication and healthcare in their communities. Protecting the contract pharmacy provision within the 340B program is vital for safeguarding FQHCs and their patients.

TOP CONDITIONS TREATED WITH 340B DRUGS AT FQHCS NATIONALLY



National Association of Community Health Centers, 2022 UDS Data

In 2023 alone, Oregon's health centers lost over 10 million dollars due to contract pharmacies restrictions.

PROTECT OREGONIANS

KEEP 340B REVENUE INVESTED IN PATIENTS

Pharmacy Benefit Managers (PBMs) are advocating for the State of Oregon to mandate the use of claim identifiers for 340B drugs. PMBs argue that this requirement will help prevent duplicate discounts in the Medicaid program, which are prohibited under federal law. However, Oregon's Medicaid program already employs alternative methods to effectively eliminate duplicate discounts.

340B PROHIBITS DUPLICATE DISCOUNTS

Discounts from the 340B program can only be actualized in one of these two ways.

Either Scenario One **OR** **S**cenario Two

Pharmacy Benefit Managers also use claims identifiers to grant preferential treatment for certain drugs in exchange for rebates from manufacturers. This system primarily benefits PBMs and manufacturers, and no advantages to Federally Qualified Health Centers (FQHCs) or the State of Oregon. Instead, it enhances the rebate access for PBMs while increasing the administrative burden on FQHCs and their contract pharmacies without compensatory remuneration to them.

Scenario One:

Covered Entity (i.e. c FQHCs) receives a 340B Discounts

The covered entity pays a discounted price that manufacturers are required to offer on drugs for these entities.

Scenario Two:

State Medicaid Agency receives a Medicaid Rebate

The federal government requires manufacturers to rebate a specified portion of the Medicaid payment for the drug to the State.

www.orpca.org mcarty@orpca.org 503-930-6812

HOUSE BILL 3409

Improves 340B Transparency & Reduces Administrative Burden for FQHCs

Pharmacy Benefit Managers (PBMs) require safety net clinics, like Federally Qualified Health Centers (FQHCS), to add a claim identifier to all dispensed drugs. PMBs argue this requirement prevents duplicate discounts in the Medicaid program, which are prohibited under federal law. However, Oregon's Medicaid program **already** uses a nationally recognized method that effectively eliminates the possibility of duplicate discounts in our state.

To comply with PBMs' requirements, pharmacists must submit all claims twice: once when the drugs are dispensed and again after the initial submission flags the drug as 340B eligible to attach the required claim identifier. This resubmission process is tedious and incurs a fee.

340B CLAIM IDENTIFIERS ARE USED LESS THAN 50% OF THE TIME

This creates a double payment problem for drug manufacturers when they give FQHCs a discount and PBMs get a rebate. Drug manufacturers should only pay once.

Pharmacy Benefit Managers use claim identifiers to identify certain drugs dispensed in commercial insurance, which they argue is necessary to avoid duplicate discounts. However, there is no duplicate discount prohibition in law for commercial claims.

PBMs negotiate rebates from manufacturers when they elevate selected drugs on formularies. **PBMs then use the identifier to retain rebates. This system primarily benefits PBMs and manufacturers and has no benefit for FQHCs or the State of Oregon. Instead, it enhances rebates for PBMs while increasing the administrative burden on FQHCs and their contract pharmacies without compensatory remuneration.**

HB 3409 Improves 340B transparency and compliance

HB 3409 would end the claims identifier requirement by prohibiting PBMs from mandating it. To satisfy PBMs' data needs, FQHCs would submit their pharmacy claims to a centralized clearinghouse. This clearinghouse would be accessible to PBMs and drug manufacturers alike.

11 STATES HAVE BANNED CLAIM IDENTIFIER REQUIREMENTS (ALAMBA, ARKANSAS, COLORADO, INDIANA, LOUISIANA, MICHIGAN, MONTANA, TENNESSEE, UTAH, VERMONT, AND WEST VIRGINIA)

www.orpca.org
mcarty@orpca.org
503-930-6812