

340B Drug Discount Program

2018



Hospital Issues

340B Hospitals

The Aroostook Medical Center
Blue Hill Memorial Hospital
Bridgton Hospital
C.A. Dean Memorial Hospital
Calais Regional Hospital
Central Maine Medical Center
Down East Community Hospital
Eastern Maine Medical Center
Houlton Regional Hospital
Inland Hospital
LincolnHealth
MaineGeneral Medical Center
Maine Medical Center
Mayo Regional Hospital
Millinocket Regional Hospital
Mount Desert Island Hospital
Northern Maine Medical Center
Pen Bay Medical Center
Penobscot Valley Hospital
Redington-Fairview General Hospital
Rumford Hospital
Sebasticook Valley Health
St. Mary's Regional Medical Center
Stephens Memorial Hospital
Waldo County General Hospital

The 340B drug discount program is an increasingly important factor in bolstering hospital finances in Maine.

The 340B Drug Discount Program was created in 1992 and provides eligible hospitals with access to discounted drug prices for their patients receiving outpatient hospital services. Eligible hospitals include those that provide a disproportionate amount of care to low-income patients, Critical Access Hospitals (CAHs), Rural Referral Centers, Sole Community Hospitals (SCH) and Children's Hospitals.

How it works: The 340B Drug Discount Program requires pharmaceutical manufacturers to provide prescription drugs to qualifying hospitals and other covered entities at or below a "340B ceiling price" established by the federal Health Resources and Services Administration. These prescription drugs are then provided to all hospital patients except those patients on the Medicaid program. Medicaid patients are covered under a similar drug discount program administered by state Medicaid agencies.

In 2010, the Affordable Care Act made all CAHs, SCHs and Rural Referral Center Hospitals categorically eligible to participate in the 340B Drug Discount Program. By extending these benefits to these small rural hospitals, approximately one-third of all U.S. hospitals now participate in the 340B program, yet pharmaceuticals purchased at 340B pricing account for only 2% of all medicines purchased in the United States each year.

This program produces significant savings for these safety-net hospitals, generally between 20% and 50% of the drug's cost.

Maine has 16 CAHs and 3 SCHs. The Affordable Care Act's extension of the 340B program saves these hospitals approximately \$15 million per year.

To be clear, this discount program was created to help lower costs for hospitals so that they can continue to provide all the services they do for their communities. There is some misunderstanding or even misrepresentation of what the 340B program was intended to do. It was designed to help hospitals, and it has succeeded in doing that.

Why help hospitals? Maine hospitals use the benefit that they derive from the 340B program to provide many types of activities that benefit their communities. Here are some examples of these activities:

- Health professional education such as post-graduate residencies and on-site training for physicians such as the Maine Track Physician Training Program led by Maine Medical Center and offered by seven other hospitals in Maine.
- More than \$210 million in charity and other unpaid care to lower income patients.
- Disaster planning and emergency preparedness at every hospital. An example of this is the Ebola outbreak that the country prepared for in 2014. Hospitals spent millions of dollars on supplies, staff training and general preparedness to provide the proper care to patients and to keep their communities safe.
- Community-based health clinics to provide important preventative care out in the community. These clinics, which every hospital offers, can be in schools, lower income areas of their community, or in association with long-term care facilities.
- Important services to our patients struggling with the opioid epidemic. Examples include naloxone and other life saving treatments delivered in the Emergency Room and medication assisted treatment such as suboxone and methadone. A very high percentage of these services are provided to uninsured patients unable to pay. The treatment services also require hospitals to purchase expensive prescription drugs and are very labor intensive and for physician practices to provide.

Any significant changes to the 340B Drug Discount Program would have a negative impact on hospitals and the low-income patients who benefit from this important program. It is especially important to retain 340B eligibility for the nation's rural hospitals that benefited from the changes in the Affordable Care Act.

Understanding 340B: The 340B program is complicated and the aggressive lobbying against it by the pharmaceutical industry has created unnecessary confusion. Hospitals are committed to transparency and compliance within the 340B Drug Program.

Under current law, hospitals are required to be audited by the federal government to assure that they remain in compliance with all 340B laws and regulations. Unfortunately, the number of audits that the federal government performs on pharmaceutical companies is extremely limited so there is no real way to know if these companies actually provide these important prescriptions at the prices that are required. Additional funds should be made available to The Health Resources and Service Administration for more compliance audits of pharmaceutical companies in addition to the audits of 340B hospitals.

2018

MHA Member Hospitals

Acadia Hospital, Bangor
The Aroostook Medical Center, Presque Isle
Blue Hill Memorial Hospital, Blue Hill
Bridgton Hospital, Bridgton
Calais Regional Hospital, Calais
Cary Medical Center, Caribou
Central Maine Medical Center, Lewiston
C.A. Dean Memorial Hospital, Greenville
Down East Community Hospital, Machias
Eastern Maine Medical Center, Bangor
Franklin Memorial Hospital, Farmington
Houlton Regional Hospital, Houlton
Inland Hospital, Waterville
LincolnHealth, Damariscotta & Boothbay Harbor
Maine Coast Memorial Hospital, Ellsworth
MaineGeneral Medical Center, Augusta & Waterville
Maine Medical Center, Portland
Mayo Regional Hospital, Dover-Foxcroft
Mercy Hospital, Portland
Mid Coast Hospital, Brunswick
Millinocket Regional Hospital, Millinocket
Mount Desert Island Hospital, Bar Harbor
New England Rehabilitation Hospital of Portland
Northern Maine Medical Center, Fort Kent
Pen Bay Medical Center, Rockport
Penobscot Valley Hospital, Lincoln
Redington-Fairview General Hospital, Skowhegan
Rumford Hospital, Rumford
St. Joseph Hospital, Bangor
St. Mary's Regional Medical Center, Lewiston
Sebasticook Valley Health, Pittsfield
Southern Maine Health Care, Biddeford & Sanford
Spring Harbor Hospital, Westbrook
Stephens Memorial Hospital, Norway
Waldo County General Hospital, Belfast
York Hospital, York



**MAINE'S LEADING
VOICE FOR HEALTHCARE**

33 Fuller Road
Augusta, ME 04330
Phone: 207-622-4794
Fax: 207-622-3073
www.themha.org