340B Drug Pricing Program Overview

The 340B Drug Pricing Program serves as a critical lifeline in advancing the safety net mission. OCHIN members actively participate in the drug discounts available through this program and utilize the savings to provide care to vulnerable or uninsured patients that may otherwise not have access to needed care.

Since 1992, the 340B program enabled hospitals and clinics that serve high volumes of low-income patients to purchase discounted outpatient drugs. The program requires manufacturers to provide a discount to providers designated as “covered entities,” which include a variety of providers, including federally qualified health centers (FQHCs). Participating providers then reinvest these savings into patient services, increase access to care, and provide free or reduced priced prescription drugs to vulnerable patients. The 340B drug pricing is formulated by the Health Services and Resources Administration (HRSA). HRSA also sets the ceiling prices.

Since its creation, the number of 340B program participants have grown from 90 to over 2,000. The program’s rapid growth has created concerns regarding the amount of charity care provided by 340B entities, putting all 340B under the microscope. Currently, the statute for 340B does not require entities to document how their savings are used, although it is considered a best practice. Under pressure, Congress is reviewing the program and has signaled potential changes may be forthcoming.

In light of current congressional considerations, OCHIN is promoting the value of 340B to patients within the safety net and the FQHCs that serve them. OCHIN is also working with Congress to oppose the advancement of legislation which would undermine the program, as it is essential to ensuring those in need have access to medications.

OCHIN's Position

- OCHIN opposes efforts to scale back, significantly reduce the benefits of, or expand the regulatory burden of the 340B Program for safety net patients and providers. The 340B Drug Pricing Program is an important component of the social safety net, and small, rural clinics and FQHCs depend on this program to ensure access to the nation’s most vulnerable. Accessibility should remain the focus and goal of 340B to ensure care for all patients, regardless of income.

- The Health Resources and Services Administration (HRSA), which oversees the 340B program, needs greater regulatory authority and oversight of the program. OCHIN supports policies that provide stronger oversight in critical areas to ensure the program’s success.

- The future of the 340B Program requires a deliberate focus on transparency, data reporting, and accountability throughout the 340B system.

Questions?

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