National Rural Health Association

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340B PROGRAM

The 340B Drug Pricing Program providers essential savings on outpatient drugs for many rural hospitals serving vulnerable populations who may lack insurance or be low income.

Why it matters: For many rural safety-net hospitals and FQHCs operating on thin financial margins, savings generated through 340B are critical to maintaining operations and providing essential services.

340B eligible rural provider types

Critical Access Hospitals, Sole Community Hospitals (SCHs), Rural Referral Centers (RRCs), rural acute care hospitals, and Federally Qualified Health Centers

- SCHs and RRCs must have disproportionate share percentage of ≥8%
- Other rural prospective payment system hospitals must have disproportionate share percentage of ≥11.75%

How 340B savings benefit rural patients

- **Free or discounted medications, including free vaccines**
- **Free behavioral health services**
- **Medication management**
- **Community health programming**
- **Sustain access to essential services, like obstetric care, in facilities with high levels of uncompenstated care**

Current challenges for rural 340B covered entities

- **Erosion of 340B savings due to contract pharmacy restrictions by manufacturers**
- **Orphan drug exclusion**
- **Onerous reporting requirements**
- **Manufacturers rebate models**
- **Threats to disproportionate share hospital participation from Medicaid cuts**

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NRHA 340B PRIORITIES

Protecting Patients

Support the PROTECT 340B Act

Reps. Spanberger (D-VA) and Johnson (R-SD)

H.R. 2534 in 118th Congress

Recently health insurers and PBMs have undermined the integrity of 340B for rural providers. This legislation would protect the program by prohibiting discrimination against 340B covered entities or their contract pharmacies by holding payers and PBMs accountable for treatment of covered entities with regards to reimbursement of fees, patient's choice of pharmacies, and participating in standard or preferred networks.

Preserve contract pharmacy access

Sen. Welch (D-VT), Rep. Matsui (D-CA)

S.5021 H.R. 7635 in 118th Congress

Congress must curb manufacturers' restrictions on the number of contract pharmacies that a covered entity may use, which disproportionately constrains access for rural patients. Many rural covered entities are too small to support an in-house pharmacy and must rely upon outside pharmacies. The reality of rural geography is that rural providers have a patient base spread among a large geographic area.

Supporting Providers

Rural 340B Access Act

Reps. Bergman (R-MI) and Dingell (D-MI)

H.R. 44

The newly established Rural Emergency Hospital (REH) designation is not an eligiblity entity for the 340B program, meaning rural hospitals converting to REH designation lose their ability to participate. Congress must take swift to preserve access to this lifeline for rural safety net hospitals.

Extend DSH waiver for 2 years

DSH Waiver

Rural provider hospitals were protected from losing 340B status due to changes in their disproportionate share (DSH) thresholds during the Public Health Emergency. Now that this protection has ended, more than 400 mostly small, rural hospitals are at-risk of losing eligibility due to changes in Medicaid eligibility that continue to lower their DSH percentages. Congress must pass legislation to enact a 2-year extension for 340B eligibility protections.

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