

# 340B Program

The **340B Drug Pricing Program** provides 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  $\geq 8\%$
- Other rural prospective payment system hospitals must have disproportionate share percentage of  $\geq 11.75\%$

## 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 uncompensated 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

# NRHA 340B PRIORITIES

## Protecting Patients

**H.R.****2534**in 118th  
Congress

### Support the PROTECT 340B Act

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

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.

**S. 2372/  
H.R. 4581**

### 340B PATIENTS Act

*Sens. Welch (D-VT) and Merkley (D-OR), Rep. Matsui (D-CA)*

Clarifies that manufacturers are required to offer 340B discount prices to covered entities regardless of manner or location drug is dispensed, ensures that manufacturers cannot place conditions on the ability of a covered entity to purchase and use 340B drugs regardless of the manner or location in which the drug is dispensed, and imposes civil monetary penalties on manufacturers that violate these statutory requirements and prohibition.

## Supporting Providers

### Rural 340B Access Act

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

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

**H.R. 44**

### Extend DSH waiver for 2 years

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.

**DSH  
Waiver**