



The 340B Drug Pricing Program:

Protecting the Safety-Net

Childress Regional Medical Center

Childress, Texas

The Issue: For more than 20 years, the 340B Drug Pricing Program has provided financial relief from high prescription drug costs to certain hospitals. Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. This, in turn, allows hospitals to stretch limited federal resources to reduce the price of pharmaceuticals for patients and expand health services to patients.

While the 340B program accounts for only 2 percent of the \$325 billion in annual drug purchases made in the United States, it provides enormous benefits to eligible hospitals and the patients they serve. However, some policymakers and interest groups want to scale it back or significantly reduce the benefits eligible hospitals and their patients receive from the program.

The Hospital: Childress Regional Medical Center (CRMC) is a rural health care facility located in an isolated town in the southeast corner of the Texas panhandle. As the primary health care provider for 30,000 residents in a five-county area, the hospital provides a diverse range of high-quality services, including home health and hospice. The medical center also includes a rural health clinic, dialysis center and ambulance service.

The Benefits of the 340B Program:

Childress is an isolated and underserved community with a high Medicaid and uninsured population.

The 340B program has helped CRMC to remain open and provide crucial programs for the patients and community it serves.

For years, CRMC leaders wanted to provide chemotherapy treatments to patients. The nearest cancer treatment center is more than 100 miles away. In 2013, the hospital partnered with the oncology program at Texas Tech in Lubbock. An oncologist from the Texas Tech group comes to Childress for a monthly cancer clinic and writes orders for patients to receive local treatments for diagnoses of lung, breast and colon cancers.

Chemotherapy medications are expensive, but the 340B program, and the discounted drug prices it provides, makes it possible for CRMC to offer the cancer treatment program. When CRMC started its chemotherapy program, two of the first five patients were uninsured and could not pay. In fact, they had been denied treatment at urban oncology clinics, but CRMC was able to take care of those patients because of the 340B program.

Kris Hague is one of those patients. The 40-year-old father of three young children was diagnosed with stage 4 colon cancer in 2013. Before CRMC started its chemotherapy program, Hague had to drive 240 miles to Dallas for chemotherapy treatments every two weeks. The drive is four hours each way, and on some trips, he had to take his children with him.

"There are lots of side effects when you have chemo," Hague explained. "All you want to do after treatment is lie down, and I had a four-hour drive ahead of me. I started getting treatments at Childress in March 2014, and I started improving dramatically with the high-quality care that was closer to home."

Hague's cancer is now in remission, and he is regaining energy. His spirits also are improving, and he attributes much of that to CRMC.

"When you get diagnosed with cancer, you get depressed in addition to the physical effects," Hague said. "You need a positive influence. At Childress, they know my name. I'm not a number. The staff is friendly and encouraging, and that helps a lot."

Impact if the Program was Scaled Back:

CRMC is a public hospital district. In 2013, the hospital provided \$7 of charity care for every \$1 of tax revenue it received. Its bottom line was \$248,000 on \$40 million in gross revenue – an overall profit margin of 0.6 percent. Without the discounts provided by the 340B program, CRMC would be in the red and would not be able to provide patients with chemotherapy treatments and other important medical services.

Preserve 340B to protect access to patient care