



## *The 340B Drug Pricing Program:*

# **Protecting the Safety-Net**

## **St. Francis Memorial Hospital**

**West Point, Neb.**

**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:** St. Francis Memorial Hospital (SFMH) is a critical access hospital in West Point, Neb. The hospital provides a broad range of care to patients, including emergency services, general and orthopedic surgery, obstetrics and gynecology, diagnostic services and on-site medical clinics. SFMH also has rehabilitation, home health and skilled nursing programs. The hospital provides services to the communities of Oakland, Hooper, Scribner, Howells, Wisner and West Point, where it has rural health clinics. Residents in several other communities also are in the hospital's 25-mile service area.

### **The Benefits of the 340B Program:**

SFMH's service area has approximately 18,000 residents. The hospital sees about 3,300 outpatients in the hospital per month, and the clinics see about 2,100 patients per month. Medical staff and health coaches treat patients with a variety of chronic conditions. Approximately 60 percent of the patients are covered by Medicare, about 7 percent by Medicaid, and another 3 percent are covered by charity care.

Savings from the 340B program have allowed SFMH to provide critical pharmacy services to its patients. Specifically, SFMH has added a second pharmacist. The pharmacists conduct reviews prior to initiation of every drug order in the hospital, which helps increase patient safety. The hospital also is able provide continuous coverage by having remote pharmacy

coverage through the Nebraska Heart Institute. A percentage of savings from the 340B program also goes to SFMH's Tau Fund, which is used to provide medications to patients who cannot afford them. SFMH staff and the hospital's founding religious order also contribute money to the Tau Fund to support medication purchases for needy patients.

In addition, SFMH has been able to lower its tetanus-diphtheria vaccine charge to its low income patients because of the 340B program. Having a second pharmacist also has allowed the hospital to add an inpatient anticoagulation program that complements the Coumadin clinic to provide safer care transitions. This has helped the hospital prevent unnecessary readmissions.

### **Impact if the Program was Scaled Back:**

If the 340B program was scaled back, patient access to affordable medications would be significantly compromised, including the loss of a second hospital pharmacist and a portion of after-hours hospital coverage. This would jeopardize many of the programs mentioned above and reduce patients' access to care.

***Preserve 340B to protect access to patient care***