



The 340B Drug Pricing Program:

Protecting the Safety-Net

Saint Thomas Midtown Hospital

Nashville, Tenn.

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: Saint Thomas Midtown Hospital is the largest nonprofit community hospital in middle Tennessee, and it is committed to providing the highest quality health care in a caring, compassionate, and faith-based environment. Over the years, it has established nursing schools, become a pioneer in technical advances and grown into a major medical center that provides diversified care. The hospital is a member of Saint Thomas Health, a faith-based ministry of Ascension Health. In 2013, Saint Thomas Health provided \$35.4 million in charity care and \$27.4 million in uncompensated care. It also provided more than \$6 million in community benefits, of which \$5 million was aimed at service to the poor.

The Benefits of the 340B Program:

Saint Thomas Midtown Hospital joined the 340B program in April 2013. Since joining the 340B program in 2013, the hospital has saved more than \$1.7 million, which it has used to help decrease the price of drugs for eligible patients, many of whom are uninsured or underinsured. "Ensuring our patients have access to the medications they need is a high priority," said Jennifer Miller, director of pharmacy for Saint Thomas Midtown Hospital. One example of a patient who has benefited from the 340B program is a man with Wegener's Granulomatosis, which is a disorder that

causes inflammation of the blood vessels. He has tried all the treatments recommended; however, they have not worked. He has been on Remicade for four years. However, his insurance will not cover the drug since it is being prescribed for an off label use. The price of the medication has nearly doubled – to \$22,000 – in the four years he has been taking the medicine, and the patient would not be able to afford it on his own. The hospital has been able to provide him with free medication that has helped keep his disorder from worsening.

Impact if the Program was Scaled Back:

If the 340B program was reduced, Saint Thomas Midtown Hospital's plan to maintain a Dispensary of Hope location onsite would be indefinitely postponed. The Dispensary of Hope, which operates at several of Ascension Health's hospitals, is the nation's only fully-licensed, charitable, medication distributor that works across the entire health care spectrum. It distributes millions of dollars in free medications from physicians, manufacturers, and distributors to clinics and pharmacies serving the poor and uninsured. A new Dispensary of Hope location will cost \$139,000, and the yearly expense for the program is budgeted at \$240,560. If the 340B program is scaled back, this program would be in jeopardy.

In addition, in November the hospital is expected to open a new OB/GYN patient clinic that serves the uninsured/underinsured women. The clinic will be in a community in which access to care is challenging and where many OB/GYN practices do not accept state Medicaid (TennCare) for GYN services. As a result, patients often do not receive treatment and become more high risk and use the emergency department for their primary care. Without savings from the 340B program, this clinic would be in jeopardy.

Preserve 340B to protect access to patient care