



American Hospital  
Association®

*The 340B Drug Pricing Program:*

# Protecting the Safety-Net

## Yale-New Haven Hospital

New Haven, Conn.

**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:** Yale-New Haven Hospital (YNHH) is a 1,541-bed, not-for-profit tertiary medical center located in New Haven, Conn. It is the primary teaching hospital for Yale School of Medicine and provides comprehensive, multidisciplinary, family-focused care in more than 100 medical specialty areas. With two main campuses in the heart of the city, YNHH serves indigent and uninsured patients that utilize the hospital's clinics and emergency department (ED). Yale-New Haven Hospital provided more than \$316 million in uncompensated and undercompensated care in 2013.

### The Benefits of the 340B Program:

Through the 340B program, YNHH provides discharge prescriptions to 340B-eligible patients at a lower cost, which is particularly beneficial to indigent and self-pay patients. In addition, through its own pharmacy and a small network of contract pharmacies, YNHH is able to provide lower-cost medications to its large clinic

population. The clinic receives more than 100,000 visits per year. Numerous chronic conditions are treated, such as cardiac disease, HIV, diabetes and hepatitis C. As a result of the 340B program, patients are better able to afford their prescribed medications and manage their chronic conditions.

### Impact if the Program was Scaled Back:

If the 340B program was reduced, YNHH would struggle to provide newly discharged patients with a supply of medications. Patient discharges would be delayed in order to keep patients stable, resulting in a backlog of available inpatient beds. Clinic patients with chronic conditions may not be able to afford their medications, leading to poorer health and increased clinic/ED visits. In addition, oncology patients would have much higher copayments, which may prove cost-prohibitive, potentially resulting in a threat to access to appropriate care for their conditions.

*Preserve 340B to protect access to patient care*