340B Good Stewardship Principles
Agenda

- Background
  - 340B Task Force
- Stewardship Principles
- Next Steps and Resources
- FAQs
AHA Member Engagement on 340B Transparency

- Board-level AHA Task Force on the 340B Drug Pricing Program
- Field-led Initiative
- Focus on:
  - Value of the program
  - How program savings support patients and communities
AHA 340B Good Stewardship Principles

Good Stewardship: 340B hospital structures policies and practices to demonstrate commitment

- Communicate Value of the 340B Program
- Disclose 340B Estimated Savings
- Continue to Perform Rigorous Internal Review

340B Hospital Commitment to Good Stewardship Principles

In its more than 25-year history, the 340B Drug Pricing Program has been critical in helping hospitals expand access to lifesaving prescription drugs and comprehensive health care services in vulnerable communities across the country, including to low-income and uninsured individuals. 340B hospitals support transparency to ensure that the program meets the Congressional objective: “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”

To ensure good stewardship of the 340B program, hospitals participating in the program should structure hospital policies and practices to demonstrate their commitment. That demonstration of commitment includes sharing publicly how 340B savings are used to benefit the community, by, for example reaching more eligible patients and providing more comprehensive services for those in the community.

The following principles serve as the foundation for every 340B hospitals’ good stewardship of the program. To align with this “Commitment to Good Stewardship Principles,” 340B hospitals would:

- **Communicate the Value of the 340B Program:** The hospital commits to preparing and publishing a narrative, on an annual basis, that describes how it uses 340B savings to benefit its community. The narrative would address those programs and services funded, in whole or in part, by 340B savings, including those services that support community access to care that the hospital could not continue without 340B savings. Examples of such programs and services will be particular for each hospital and could include programs that expand access to drugs for vulnerable populations, as well as access to a wide range of other services, such as preventive care, emergency services, cancer treatment, vaccinations, home-based care, and mental and behavioral health services.

- **Disclose Hospital’s 340B Estimated Savings:** The hospital commits to publicly disclosing, on an annual basis, its 340B estimated savings calculated using a standardized method. That method would calculate 340B savings by comparing the 340B acquisition price to group purchasing organization pricing. If GPO pricing is not available for a 340B drug, the 340B acquisition price for a drug would be compared to another acceptable pricing source. To provide context for the estimated savings, a hospital could compare its 340B estimated savings to the hospital’s total drug expenditures, as well as provide examples of its top 340B drugs.

- **Continue Rigorous Internal Oversight:** The hospital commits to continuing to conduct internal reviews to ensure that the hospital 340B program meets the Health Resources and Services Administration’s program rules and guidance. Included in this effort is a commitment to regular and periodic training for the hospital’s interdisciplinary 340B teams that encompass C-Suite executives, pharmacy, legal, and financial assistance, as well as community outreach and government relations staff, if applicable.
## Guidance to the Field

### Calculating Estimated 340B Program Savings

<table>
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<tr>
<th>(A) GPO or other Estimated Acquisition Costs</th>
<th>Minus</th>
<th>(B) Actual 340B Acquisition Costs</th>
<th>Plus</th>
<th>(C) Benefit from Contract Pharmacy Arrangement</th>
<th>Equals</th>
<th>(D) Estimated Savings of 340B Program</th>
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**Step (A) Group Purchasing Organization (GPO) or other Estimated Acquisition Costs**

Step A establishes what the hospital would have spent on drugs absent the 340B program. In the first column, hospitals should identify GPO prices for drugs purchased through the 340B program. Hospitals could work with their wholesale distributors to access the GPO pricing information. The hospital could request that the wholesale distributor provide a report to the hospital that includes GPO pricing for all 340B drugs purchased on a periodic basis. If GPO pricing is not available for comparison, the hospital could use another pricing source such as Wholesale Acquisition Costs (WAC) or another acceptable pricing source to determine the “estimated acquisition costs.” Again, the wholesale distributor could provide information for drugs with a comparable GPO price.

**Step (B) Actual 340B Acquisition Costs**

In Step B, hospitals determine the actual amount spent on the purchase of 340B drugs. To obtain the actual purchase or acquisition costs for the 340B drugs for Step B, the hospital could work with the wholesale distributors and request an invoice report of all the 340B drugs purchased. The amount in Step B is subtracted from Step A.

**Step (C) Benefit from Contract Pharmacy Arrangement**

This component of the calculation is intended to capture any benefit the 340B hospital may realize if it utilizes contract pharmacy arrangements. If the 340B hospital does not utilize contract pharmacy arrangements, the hospital would skip Step C. If the hospital does have a contract pharmacy arrangement, in this step the hospital would add the benefit derived from the contract pharmacy arrangement to the remainder from Step A and Step B.

**Step (D) Estimated Savings of 340B Program**

Step D is the estimated savings the hospital derives from participating in the 340B program. To provide context for the estimated 340B savings, the hospital could compare savings to total estimated hospital drug expenditures as defined:

\[
\text{Estimated total hospital drug expenditure} = \text{total estimated hospital drug expenditures} - \text{drug manufacturer rebates and discounts}
\]

Total estimated drug expenditures include inpatient and outpatient drugs.

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**[TEMPLATE TO COMMUNICATE THE VALUE OF THE 340B PROGRAM]**

**[HOSPITAL NAME, LOCATION]**

*THE HOSPITAL* provides a brief description of your hospital. This is an opportunity to describe your hospital’s mission and the community served. Describe any challenges you face in serving your community. You may also consider including some financial metrics such as the amount of uncompensated care your hospital provides and the dollar value of community benefit.

*THE BENEFITS OF THE 340B PROGRAM:* You should include how your hospital uses the 340B program to benefit your patients and community. Some sources of information the hospital could draw from are any public reporting such as the IRS 990 form or other state or local required reporting. It is most beneficial to focus on how the program’s savings allow your hospital to address identified needs in the community, rather than the financial benefit the program provides to your hospital. However, if the 340B program allows you to maintain vital community services such as access to 24/7 emergency and trauma services, you should include those examples. Consider including examples such as:

- Provide financial assistance to patients unable to afford their prescriptions.
- Provide clinical pharmacy services, such as disease management programs or medication therapy management.
- Provide transportation to newly patients allowing them access to essential health care services.
- Fund other medical services, such as obstetrics, diabetes education, oncology services and other ambulatory services.
- Expand additional outpatient services to improve access.
- Create new community outreach programs.
- Provide preventive care and mental and behavioral health services.
- Offer free vaccinations for vulnerable populations.
- Provide access to specialty care, such as oncology care, not otherwise available to many low-income individuals in the community.
- Provide discharge prescriptions as part of program efforts to reduce avoidable readmissions.

Where possible, you could include the numbers of patients served in these various programs. You should also consider including at least one specific example of a patient who has benefited from the hospital’s participation in the 340B program consistent with federal and state privacy laws. Several examples could be a patient who was able to access cancer treatment closer to home; a poor patient who receives prescription drugs at reduced rates or free of charge; a patient who receives free treatment at one of your clinics who is enrolled in one your community health programs made possible in part through the 340B program.

**IMPACT IF THE PROGRAM WAS SCALE BACK:** Describe the programs or services that would have to be reduced or eliminated if the 340B program were scaled back. Explain how reducing or eliminating these programs would decrease access to care for the patients and community your hospital serves.
340B Stewardship Principles Roll-Out

- **Educate** all 340B hospitals and encourage voluntary adoption

- **Educate** policymakers including other stakeholders about the principles

- **Share** the principles with the media and solicit positive media coverage regarding the value of the 340B program.
340B Stewardship Principles Press Conference

- September 18 National Press Club
  - Event Host: AHA CEO Rick Pollack

- AHA 340B Task Force Members:
  - Nancy Agee, CEO Carilion Clinic and AHA Board of Trustee Chair
  - Michelle Hood, president and CEO of Eastern Maine Healthcare Systems and
  - Dr. Charles Daniels, Pharmacist-in-Chief, UC San Diego Health

- September 18 Call to Action
  - 340B Stewardship Principles Website
  - Sign Commitment to Principles
Call to Action: Hospitals’ Commitment to Good Stewardship Principles for the 340B Program

For more than 25 years, the 340B program has been critical in helping hospitals expand access to lifesaving prescription drugs and comprehensive health care services in vulnerable communities across the country, including to low-income and uninsured individuals. 340B hospitals support transparency to ensure that the program meets the congressional objectives: “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”

To ensure good stewardship of the 340B program, hospitals participating in the program should structure hospital policies and practices to demonstrate their commitment. That demonstration of commitment includes sharing publicly how 340B savings are used to benefit the community; by, for example reaching more eligible patients and providing more comprehensive services for those in the community.

Register now to express your organization’s commitment to the following principles, which serve as the foundation for good stewardship of the 340B program. To help you act on these principles, see a calculator tool (LINK) to assist you in measuring your organization’s estimated 340B savings, and a template tool (LINK) to help you share how the program has benefitted your patients, community and organization.
340B Stewardship Principles Commitment Submission Form

340B Hospital Commitment to Good Stewardship Principles Submission Form

President/CEO *

Hospital or Health System *

Address *

Address 2

City/Town *

State/Province *

ZIP Code *
AHA 340B Stewardship Principles Commitment Campaign

Sign Up Starting September 18 at www.AHA.org/340B
Frequently Asked Questions

- Estimated Savings
  - Compliance Costs?
  - WAC vs GPO for DSH Hospitals
- What information is the AHA collecting?
- Who has endorsed the principles?
- Could releasing this information result in more scrutiny?
- What about increased drug manufacturer transparency?
Questions?

340Balliance@aha.org