



The 340B Drug Pricing Program:

Protecting the Safety-Net

Saint Thomas Hickman Hospital

Centerville, 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: For 50 years, Saint Thomas Hickman Hospital, a 25-bed, critical access hospital, has provided person-centered care to the people of Centerville and Hickman County in Tennessee. The hospital is located in a high poverty area and serves more than 10,000 patients annually – 50 to 60 percent of whom are uninsured. 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 Hickman Hospital uses savings from the 340B program to improve patient care for the vulnerable population it serves. The hospital joined the 340B program in 2013 and has saved \$379,000. Because of 340B, this population is able to obtain vital medications and services that ultimately keep them in better health because their medical conditions are properly managed.

One example demonstrating the value of the 340B program involved a woman who suffers from bipolar disorder who could not afford her medications. The patient was hospitalized multiple times in Nashville, Tenn., which is 60 miles from her home. Because of the 340B program, the patient is now able to obtain

her medications free of charge on a regular basis from Hickman's local contract pharmacy, saving her return trips to the hospital.

In addition, the 340B program also has helped Saint Thomas Hickman Hospital reduce its readmissions rates and the number of visits to its five-bed emergency department. "When people can't afford their medications, they come to the emergency department or seek inpatient care. It's a vicious cycle," said Robin Crowell, the hospital's chief operating officer and chief nursing officer. "If it weren't for the 340B program and the free or low-cost medications it offers, our emergency department would be flooded."

Impact if the Program was Scaled Back:

If the 340B program was reduced, Saint Thomas Hickman Hospital's outpatient behavioral health services and community health clinic would be cut or eliminated. These two programs, particularly the outpatient behavioral health services, are extremely important to the community because Hickman County has one of the highest suicide rates in Tennessee. These programs provide a life line to the community's most poor and vulnerable by assisting patients with the cost of medication, by making house calls to check on patients, by providing transportation to the hospital for group meetings and appointments, and providing lunch for patients who visit the hospital.

Preserve 340B to protect access to patient care