University of Utah Hospitals and Clinics Salt Lake City, Utah

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: **University of Utah Hospitals and Clinics (UUHC) is the only academic medical center in the state and provides highly-specialized services to a region that spans more than 10% of the continental U.S., including Idaho, Wyoming, Montana, western Colorado and much of Nevada.** Through telehealth services, satellite clinics, AirMed helicopters and fixed-wing aircraft, UUHC's 1,330 physicians and more than 16,400 staff impact the lives of more than 1.2 million urban and rural patients each year. UUHC provides these patients with a range of services, from population health and wellness to high-end specialty care, including a Level 1 trauma center, the region's major burn center, the region's only designated Comprehensive Stroke Center, and the world-renowned Huntsman Cancer and Moran Eye Centers. UUHC also serves as the safety net for many low-income and uninsured populations.

The Benefits of the 340B Program:

The 340B program is essential to UUHC because of the high volume of low income and uninsured patients cared for by UUHC providers. UUHC provided $46 million in charity care and $75 million in uncompensated care in fiscal year (FY) 2014. Consistent with the 340B program's purpose, UUHC uses 340B savings to improve the quality and expand the number of health care services it provides to the community. For example, it allows UUHC to increase patient access to pharmacy services, increase the number of patients for whom it provides care, and enhance pharmacy and health care services and operations.

In addition, for Medicaid patients, UUHC shares the savings with the state of Utah to help offset the cost of the Medicaid program in Utah. The 340B program also saves taxpayers' money by lowering patients' drug costs and improving health services, which help keep patients healthy and avoid more costly medical interventions. The state and federal government would have to pay for these medical interventions if not for the 340B program.

Impact if the Program was Scaled Back:

If the 340B program was scaled back, UUHC's ability to care for patients at current levels – particularly in community clinic settings – would be compromised. In some cases, UUHC would have to eliminate crucial programs and services that are critical to keeping people healthy.

UUHC receives significant savings – about $71 million in FY 2013 from the 340B program. These savings are critical to the ongoing operation of UUHC, especially in light of the many drastic federal funding cuts UUHC faces in upcoming years.

Any 340B reduction would compromise UUHC's ability to act as the safety-net for its region. Of all the states, Utah receives the second-lowest amount of Medicaid Disproportionate Share Hospital (DSH) funding ($49 per uninsured; the national average is $306 per uninsured based upon the DSH State Allotments for FY 2012). As a result, UUHC, more than other states, must rely on 340B pricing to help cover the cost of providing care to the underserved population.

Preserve 340B to protect access to patient care