

How 340B Supports Health Center Patients

By lowering how much they must pay for pharmaceuticals, **340B enables health centers (FQHCs) to:**

- Make drugs affordable for their low-income uninsured and underinsured patients, and
- Support other key services that expand access to their medically vulnerable patients.

Why is 340B so critical to health centers?

- As small, community-based organizations, health centers lack the market power to negotiate discounts off the sticker price.
- Prior to 340B, most health centers were unable to offer affordable pharmaceuticals to their patients.

Health centers are a tiny part of the total 340B program – accounting for only 6% of national 340B sales. But 340B is critical to health centers' ability to provide affordable drugs & other services to underserved individuals.

How does 340B expand access and generate savings for health centers and their patients? Say the regular price for a drug is \$100, and the 340B price is \$70. The health center or its contract pharmacy dispense two bottles of the drug – one to an uninsured patient for whom the sliding fee copay is \$20, and the second to a patient with private insurance that reimburses the drug's regular price.

Without 340B				With 340B			
The FQHC loses \$80, all due to the sliding fee discount.	<i>Sliding Fee Patient</i>			The FQHC loses only \$20. Their net cost for the uninsured patient is reduced \$50, and they retain \$30 savings on the insured patient.	<i>Sliding Fee Patient</i>		
	Drug Cost	\$100	FQHC loses \$80		Drug Cost	\$70	FQHC loses \$50
	Sliding Fee	\$20			Sliding Fee	\$20	
	Net Cost	\$80			Net Cost	\$50	
	<i>Insured Patient</i>				<i>Insured Patient</i>		
	Drug Cost	\$100	FQHC breaks even		Drug Cost	\$70	FQHC retains \$30 savings
Insurance Pays	\$100	Insurance Pays		\$100			
Net Cost	\$0	Net Savings		\$30			

How do health centers use the savings generated by 340B?

- Health centers invest every penny of 340B savings into activities that expand access to their medically-underserved patients. This is required by Federal law¹, Federal regulations² -- and the health center mission.
- Each health center's patient-run Board decides how to best invest its 340B savings.
 - First, they offset losses on drugs for sliding fee patients (e.g., the \$50 loss above.)
 - Remaining savings are used for services that could not otherwise be funded. Common examples include expanded SUD treatment, clinical pharmacy programs, and adult dental services.

How are 340B Prices Calculated?

A drug's 340B price is its Average Manufacturer Price (AMP) less:

- **Mandatory discount:** 23% for brand-names & 13% for generics,
- **Inflation Penalty (if applicable):** If the manufacturer increases the drug's sticker price faster than inflation, an additional discount is required. If the price rises fast enough, the total discounts can exceed the AMP. In this case, the 340B price is one penny.

¹ Public Health Service Act, Section 330(e)(5)(A) and (D)

² 45 Code of Federal Register 75.30