What’s Needed to Fix a Vital Drug Discount Program

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Thirty years ago, when Congress passed the Public Health Service Act, no one could have imagined that section 340B of the law would become the lightning rod that it is today. The little-known provision created a program to help America’s safety net health care providers bring affordable care and discounted medicines to vulnerable, low-income patients.

The initial concept was simple and effective. Pharmaceutical manufacturers provide steeply discounted drugs to hospitals, providers, and clinics that serve uninsured and underinsured patients living with HIV/AIDS, and safety net providers dedicated to reaching the most vulnerable and underserved communities. The support that the 340B program provided to Ryan White Clinics and hemophilia treatment centers was critical in addressing the HIV/AIDS crisis through the 1990s. Today, when people living with HIV can successfully manage the disease with highly effective therapies, it remains essential.

But the program and the true safety-net clinics that rely on it is teetering on the brink of collapse due to statutory silence in key areas. It turns out that the attraction of using significant savings on medicines to boost profit margins has been irresistible to some for-profit entities, at the expense of the safety net. The for-profit entities dipping into the 340B program’s discounted prescription drugs now include, among others, well-resourced hospitals in wealthier zip codes, pharmacy benefit managers (PBMs), and a vast network of contracted pharmacies (also largely located in wealthier zip codes). The numbers on this point speak volumes: 340B discounted drug purchases amounted to $38 billion in 2020, more than 15 times what it was in 2005. As Congressman Bucshon noted, wouldn’t you expect a 15x increase in the amount of charity care that is available in this country?

The realities of how the 340B program is currently implemented is a clear indication that stronger accountability and transparency are urgently needed so that the program can begin to work as intended, and patients don’t continue to get left behind. Abuses of the program have been exhaustively documented by government watchdogs and others including analysis by an advocacy group for cancer patients that found that hospitals are overcharging patients for a common breast cancer drug. The research found that hospitals pay a discounted price of just over $43,000 for a

year's supply of the drug, while charging patients over $217,000 for the same medicine, reaping a profit of more than $173,000 from just one patient, thanks to the program designed to help the nation's poorest citizens.

Patients are bearing serious consequences from the lack of clarity in the 340B program and the loss of critical resources safety-net providers depend on. As organizations that provide essential services and education for the HIV/AIDS community, we know this program must be better defined if it is to work as intended. We also know that Congress has a central role to play in making that happen.

We can only achieve changes that work in the interest of the safety net if the diverse 340B community works together, rather than at odds with itself. That's where the newly-formed Alliance to Save America's 340B Program (ASAP 340B) comes into play. The Alliance's 10 policy principles provide a critical foundation for Washington decision makers to change the trajectory of the program and improve administration and oversight at the federal level. The Principles are designed to ensure greater transparency and accountability; determine a "patient definition" with stronger safeguards; establish clear criteria for 340B contract pharmacy arrangements to improve access; prevent middlemen and for-profit entities from profiting off the 340B program; and update and strengthen 340B hospital eligibility requirements.

Inaction will — not could, but will — very soon have serious ramifications on the care that our community receives. Yet despite the diverse organizations that have come to the table to bring about change, not everyone agrees. A cacophony of voices — including some from the HIV community — has expressed concern or displeasure with the idea of bringing ideas to the table that would enhance transparency, accountability, and most importantly, deliver long-time certainty to the program. But notably, no comprehensive, viable alternatives have been offered.

Congress and the administration have made it clear that making prescription drugs more affordable should be a major public health priority. Fixing the 340B program can move the needle on that goal, bringing health care affordability to our nation's most underserved patients and communities.

Brandon Macsata is the CEO of the ADAP Advocacy Association. Guy Anthony is the CEO of the Black, Gifted, and Whole Foundation.
