

The 340b Program is a program with some limitations and recent controversy, but if you are struggling to pay for your medications it is worth exploring.

Out-patients of a hospital that is a covered entity in the 340b program, might be eligible to purchase insulin at a very discounted price. Your eligibility for the program is based on your care provider's participation in the program. A list of 340b covered entities can be found by clicking [here](#). It is important to highlight that limited quantities of prescription medications are available through the program.

Pricing

You might be wondering how much you can actually save. The answer is not easily available. The government has set prices from the manufacturer to the covered entity, but not from the covered entity to the patient. Covered entities can also negotiate additional discounts, so the actual cost will vary by covered entity. The negotiated price is considered confidential information. Covered entities determine the price to the patient for the medications. The differential of what the covered entity charges vs. pay can be used to support programs or to improve revenue for uncompensated Medicare/Medicaid coverage. The price discounts are not guaranteed to reach the end-user.

The 340b program website says that pricing should be 20-50% lower. I have found a few websites that highlight potential pricing. In 2016 on the ADA forum, a person highlighted that they could buy a 90-day supply of insulin for \$203. There is also an article published trying to calculate the cost of insulin to the VA or estimate the cost of insulin with discounts. The study estimated the cost at \$4.72/vial of Humalog4 for the VA which could also be a proxy for the 340b program. I have also seen many Facebook posts concerning the cash only prescription program at a Children's hospital, highlighting insulin availability at \$20/month. Only your covered entity could disclose the price and quantity available to you.

History

340b of the Public Health Services Act is a bipartisan piece of legislation launched in 1992. Section 340B requires pharmaceutical manufacturers to enter into an agreement, called a pharmaceutical pricing agreement (PPA) with the Health and Human Services Secretary. Under the PPA, the manufacturer agrees to provide front-end discounts on covered outpatient drugs purchased by specified providers called "covered entities" that serve the most vulnerable patient populations.¹ Participation in 340b is a requirement for drug manufacturers for their medications to be available as part of Medicaid and Medicare Part B.

Six categories of hospitals can participate as a "covered entity".¹ These include –

1. Disproportionate share hospitals (DSHs)
2. Children's Hospitals exempt from the Medicare Prospective Payment System
3. Cancer Hospitals exempt from the Medicare Prospective Payment System
4. Sole Community Hospitals
5. Rural Referral Centers
6. Critical Access Hospitals (CAHs)

In addition, there ten categories¹ of non-hospital organizations that are eligible to participate based on federal funding. These include:

1. Federally Qualified Health Centers (FQHCs)
2. FQHC "look-alikes"
3. State-operated AIDS Drug Assistance Programs
4. The Ryan White Comprehensive AIDS Resources Emergency (CARE) Act Clinics and Programs
5. Tuberculosis Clinics, Black Lung Clinics
6. Title X Family Planning Clinics
7. Sexually Transmitted Disease Clinics
8. Hemophilia Treatment Centers
9. Urban Indian Clinics
10. Native Hawaiian Health Centers

In January of 2018, changes have been implemented to the discount structure of the program decreasing the discount by 28.5%, and requiring additional reporting⁶. Certain children's hospitals, cancer hospitals, and sole rural hospitals would be exempt from the change. The changes have been met with a mixed response. A lawsuit from the association of hospitals has been filed while other groups are highlighting this as a welcome change to improve pricing through Medicare/Medicaid Program. Groups are still asking for additional reforms to improve the program and ensure the funding reaches at risk patients.⁷

While the program is changing, if you are struggling with the cost of insulin and you are an out-patient at a covered entity, you should ask about getting your insulin covered at a lower price.

References

1. <https://www.340bhealth.org/340b-resources/340b-program/overview/>
2. <http://advocacy.340bhealth.org/340Bhospitallists>
3. https://community.diabetes.org/discuss/viewtopic/2/10886?post_id=115934
4. <https://link.springer.com/article/10.1007/s40273-018-0667-9>
5. https://www.340bhealth.org/files/Contract_Pharmacy_Report_July_17.pdf
6. <https://www.policymed.com/2017/11/changes-to-340b-program-receive-mixed-reviews.html>
7. <https://www.phrma.org/report/340b-101>
8. <http://care.diabetesjournals.org/content/diacare/41/6/1299.full.pdf>