

340B Drug Pricing Program Benefits all West Virginians

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For more than 25 years, the *340B Drug Pricing Program* has helped West Virginia hospitals and health systems serving vulnerable patients and communities manage rising prescription drug costs. The Program, which also benefits Federally Qualified Health Centers (FQHCs) and other safety net providers in our state, is currently under attack by several of the largest U.S. drug manufacturers. One by one, these drug companies have unilaterally taken a series of actions to restrict and undermine the 340B program – *all in the wake of a global pandemic, and as hospitals remain on the frontlines of care*. Their actions will affect access to health services and prescription drugs for all West Virginians.

Congress created the 340B drug savings program to help hospitals serving vulnerable communities stretch scarce federal resources as far as possible in order to support essential services for their patients. Because it is funded by drug company discounts, not federal dollars, the 340B program doesn't cost the government one penny – but it makes a big difference to community hospitals and to the patients that depend on this program.

For West Virginia hospitals, this program enables them to stretch limited federal resources to reduce the price of outpatient pharmaceuticals for patients and in turn, expand health services to communities. Hospitals in West Virginia use 340B savings to provide free care for uninsured patients; offer free vaccines; provide services in mental health clinics; and implement medication management and community health programs, among many other services.

According to the federal Health Resources and Services Administration (HRSA), which is responsible for administering 340B, hospitals and other providers utilizing the program achieve average savings of 25 to 50% in pharmaceutical purchases which are then passed on to the patient. For West Virginia hospitals and health systems this means millions of dollars in savings which enables them to provide services to patients that they would not be able to access otherwise without the 340B program being intact.

In recent weeks, several major drug manufacturers announced they will no longer abide by the 340B ceiling price for some or all of their products if a hospital has contracts with local pharmacies to dispense them. These manufacturers produce several of the costliest drugs that West Virginia hospitals use to treat cancer patients and diabetes, for example – this includes insulin.

This action is in violation of the federal statutory requirement that restricts drug companies from charging more than the 340B ceiling price when selling their products to hospitals, pharmacies and other providers. This is simply unacceptable – especially in West Virginia which unfortunately leads the nation in some poor health statistics.

Additionally, within the past two months, drug manufacturers have sent requests to hospitals demanding extensive claims data for all Medicaid, Medicare Part D, and commercial insurance plans. This goes far beyond the scope of the 340B statute. These demands are not only needlessly burdensome for providers but also raise issues related to patient privacy. The drug companies have threatened that if hospitals do not comply with these demands, they will cut off access to the 340B discount price at contract pharmacies or take other onerous actions.

Despite increased oversight from HRSA and the program's proven record of decreasing government spending and expanding access to patient care, drug manufacturers are still taking steps to significantly reduce the benefits that eligible hospitals and their patients receive from the program.

It is unconscionable to believe that undermining the 340B program is good for patients or the hospitals in our state. We're on the frontlines of a pandemic that is not going away, and we're already struggling in an economic environment where more than half our State's residents have health insurance through a governmental program that pays hospitals and providers less than cost to provide care. Cutting off hospitals' access to 340B pricing will result in nearly \$300 million of losses annually to West Virginia hospitals and health systems, which will lead to a reduction or elimination of services, impacting access to care for all West Virginians.

West Virginia hospitals are working together to protect this vital program. We're grateful that Governor Justice as well as our state's Congressional delegation have joined with us by urging U.S. Department of Health and Human Services Secretary Alex Azar to stop drug companies from restricting the 340B program. Without action, West Virginia's vulnerable patients and communities will suffer.