The 340B Program is Essential to the Patients of Kentucky

The 340B program is essential to the patients of 73 Kentucky safety net hospitals. The program allows hospitals to purchase outpatient drugs at a discount and use the savings to maintain and expand access to health care services in their patients. ***No taxpayer money is used for the program.*** Kentucky's 340B hospitals serve a disproportionate share of low income Medicare and Medicaid patients, providing 81% and 83% of all hospital care to Medicare and Medicaid patients respectively.

No taxpayer money is used for the program

Kentucky Patients Directly Benefit from 340B Savings.

Kentucky's hospitals use their 340B savings in many ways to benefit their patients. Many use the savings to underwrite the cost of cancer treatment programs, provide free or discounted medication to uninsured and underinsured patients, and underwrite losses to maintain essential services. Every community has unique needs, and any restrictions on the use of 340B funds will only hurt patients by eliminating crucial services.

Drug Companies Have Record-Breaking Profits While Kentucky Hospitals Struggle to Break Even.

In 2022, **Pfizer posted record revenue of more than $100 Billion and net income was nearly $31.4 Billion, a 43% increase over 2021.** Contrast that to ***negative Kentucky hospital operating margins in 2022,*** and surging expense growth, ***including a 33% increase in drug expense, which was twice the national average compared to 2019.*** Novartis, Pfizer, and Johnson & Johnson alone had more than $20 billion each in net income. **Newly published findings show semaglutide, the active ingredient in Ozempic and Wegovy, could be produced for between $0.89 and $4.73 per month – compared to the $1,000 monthly price currently being paid in the U.S. Congress created the 340B program to shield safety net hospitals from these exact, egregious pricing tactics.**

PhRMA Seeks to Dismantle 340B.

340B accounts for only about 7% of total U.S. drug spending; yet, despite their own massive profits and runaway price increases, PhRMA is seeking to dismantle the program by placing limits on how hospitals can use their savings, restricting who can be a "patient" of a covered entity, and even taking matters in their own hands by unlawfully and unilaterally refusing to provide 340B pricing to medications dispensed through community pharmacies under contract with covered entities. **KHA found these contract pharmacy restrictions currently are resulting in $122 million in losses to Kentucky's 340B hospitals.** PhRMA's actions are putting the services funded by these savings in jeopardy, as hospitals simply have no way to make up the magnitude of these losses.

KHA submitted comments in response to draft legislation recently released by a Bipartisan 340B Senate Working Group.

We support:

- **Codification of Congressional intent** that (1) the 340B program is to help safety net providers maintain, improve and expand health care access and (2) covered entities may use contract pharmacies to expand the locations and hours at which patients can access 340B drugs.

- continued -

We support - continued

- **Defining a 340B "patient" according to the 1996 HRSA guidance,** currently in use and which is easy to understand: the patient has an established health care relationship with the 340B covered entity and it is documented in the patient's records.
- **Ensuring Equitable Treatment of Covered Entities** by prohibiting PBMs and insurers from engaging in discriminatory 340B pricing and patient steering tactics.
- **Expanding the 340B program** to any hospital that meets current safety net criteria, regardless of ownership status.

WE OPPOSE:

- **More Red Tape on Covered Entities,** such as duplicative registration of contract pharmacies, delays in offering services while individual contracts are reviewed, duplicate registration for child sites with multiple government agencies, and excessive auditing beyond HRSA's current auditing measures.
- **Restricting child sites** by eliminating joint venture arrangements between rural and other hospitals, and setting charity care levels at each outpatient location rather than the parent entity.
- **One-Way Transparency Requirements and User Fees** only for covered entities and not drug manufacturers.
- **Sharing Patient Claims Data** with Drug companies through a national clearinghouse or national All Payer Claims Database.

For more 340B Program information, contact:

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