340B DRUG PRICING PROGRAM

South Dakota
Association of Healthcare Organizations
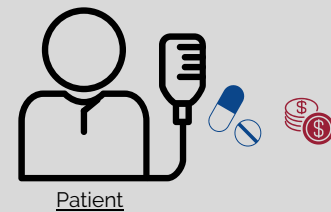
What is the 340B Drug Pricing Program and how does it work?

For more than 30 years, the 340B Drug Pricing Program has provided financial help to hospitals serving vulnerable communities to manage rising prescription drug costs.

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients.

Patient

These organizations include federal grantee organizations and several types of hospitals, including critical access hospitals (CAHs), sole community hospitals (SCHs), rural referral centers (RRCs), and public and nonprofit disproportionate share hospitals (DSH) that serve low-income and indigent populations.

The program allows 340B hospitals to stretch limited federal resources to reduce the price of outpatient pharmaceuticals for patients and expand health services to the patients and communities they serve.

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South Dakota Hospitals use their 340B savings to...

Keep quality healthcare close to home!

- Keep their doors open
- Cover cost of uncompensated care
- Offer services specific to community needs
- Provides tele-health services in rural communities
- Helps build **highly specialized care** facilities in South Dakota. Families receive care here rather than traveling to Omaha, Denver, Minneapolis or other cities.

Subsidize healthcare services

- AirMed Air Amublance
- Level I, II & III Trauma Centers
- Primary Care Services
- Outreach locations
- Rural Obstetric service's
- Patient Advocate Services
- Patient Assistance Medication Program
- Mental and Behavorial Health Services

Hospitals use 340B savings to proactively work with rising risk patients to help prevent chronic conditions from getting worse.

340B savings come with low costs

$0
requires no government or taxpayer funding

5%
at ~5% of the drug market, discounts have little impact on manufacturer revenue