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Optimizing 340B Participation Compliantly While “Waiting and Watching” New Developments

Hospitals and health systems that participate in the federal [340B Drug Pricing Program](#) are currently facing challenges on multiple fronts, including manufacturer restrictions and program audits, legal challenges, and constantly-evolving federal and state requirements for participation.

Since 1992, the 340B program has required drug manufacturers to provide drugs used for the outpatients of eligible health care organizations and other covered entities at significantly reduced prices, with the intent of helping safety net organizations improve their financial stability. In turn, hospitals are expected to demonstrate that the savings they receive from the program benefit their patients.

Presently, many hospitals are “waiting and watching” regulatory and legal developments that may impact their future 340B participation. In the interim, however, there are steps organizations can take to optimize their 340B programs compliantly, with the intent of improving financial outcomes, increasing revenue, and benefitting patients, employees, and the communities they serve.

Consider creating an internal pharmacy

Many 340B hospitals are moving in the direction of opening their own in-house retail or specialty pharmacies as part of their strategy to address restrictions from drug manufacturers.



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These pharmacies can serve patients, employees, or the general public, depending on how they are structured. Key benefits of creating an internal pharmacy include:

- Increased revenue
- Potential alignment with managing patient care, including greater insight over patient prescription adherence and the overall cost of care
- Opportunities to provide easier access to prescriptions for patients
- Opportunities to align employee benefits programs with 340B to achieve additional cost savings
- Positive community perception by partnering with locally owned pharmacy businesses



The primary benefits for patients can include:

- Direct patient discounts, copays, and other financial assistance in the event of hardship
- Tailored services and convenient and timely services, including delivery, medication therapy management, care management, and expanded hours
- Hands-on clinical care, including direct access to both clinicians and pharmacy staff
- Ongoing monitoring for drug safety, side effects, and efficacy
- Prior authorizations of medications

Strategically utilize contract pharmacy networks

Covered entities can also contract with retail pharmacies (whether they are owned, community-based, or specialty pharmacies) and extend their 340B discounts for their patients who fill scripts at these locations. These “contract pharmacies” must be registered on the [Health Resources & Services Administration \(HRSA\) website](#) once a contract is established.

Contract pharmacy networks can play a particularly important role with regards to specialty drugs, which, according to our analyses, comprise more than half of all hospital spending on drugs despite comprising only 2% of volume. Even organizations that have an in-house pharmacy may not be best positioned to distribute oncology drugs, given their limited distribution.

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These high-cost medications treat rare, complex, chronic health conditions. Key therapies for specialty drugs include oncology, multiple sclerosis, HIV/AIDS, Crohn’s Disease, blood/ bleeding disorders, and inflammatory diseases, among others.

As a result, organizations need to carefully select the pharmacy partners that are best aligned with their 340B services, which vary depending on the health conditions and medication needs of the patient populations they serve.

Closing thoughts

As hospitals await further legal, regulatory, and manufacturer-related shifts in the administration of 340B, the steps outlined in this article offer an interim path forward. Given the promise of the 340B program to help stabilize hospital finances, optimizing the program’s benefits while remaining compliant with its rules and regulations should be top of mind for any participating organization.

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