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Why Patients Should Advocate for 340B Reform

Hello, everyone,

I am excited to talk today about an important topic affecting many patients across the country: the 340B program. Before I begin, I would like to thank Suzanna and the Community Liver Alliance for inviting me to take part in this discussion. As we delve in, I want to emphasize the critical role that patient advocacy plays in shaping the future of healthcare and ensuring that patients receive the benefits they deserve.

Key Points for Patient Organizations

So let's start off with a big question that I am hoping to address today, why should patient organizations, like GHLF, care about 340b reform?

First and foremost, let's talk about why patients themselves should care about the 340B program. The primary goal of 340B is to provide discounts on medications to qualifying hospitals and health systems. However, many patients, especially those with commercial insurance, are not benefiting from these discounts.

For example, when an average patient like you or me walks into a 340B institution like a hospital or contract pharmacy, the hospital may have purchased the drug we are buying at a significantly reduced price. Yet, because we are insured through commercial plans, the hospital sells that same drug at a much higher price to our insurance company. In turn, our deductibles and coinsurance, aka the price the patient pays, are based on inflated prices, not the 340B discounted price. Despite being insured, we are effectively overpaying for our medications.

This leads us to the second point: the premise of the 340B program is that pharmaceutical companies provide substantial discounts to hospitals, expecting that these savings will translate into increased charity care. However, the reality is quite different. Reports show that charity care provided by 340B hospitals has been declining year after year, even as these institutions are reaping greater financial benefits from the program.

This brings us to the third point: the lack of transparency and accountability in how hospitals report their charity care. Currently, there is no standardized set of definitions of what constitutes charity care, allowing hospitals to categorize various forms of revenue as charity care without proper oversight. This is a significant concern for patient organizations like ours, as

we want to ensure that the revenue generated from 340B is genuinely being used to support patients in need.

The Need for Reform

So this leads us to the next point of this discussion, given these challenges, it is clear that reform is necessary. One of the critical issues is the absence of a statutory definition for charity care. Without clear guidelines, hospitals can misclassify such things as bad debt as charity care, which does not truly serve the needs of patients. We need to advocate for a defined standards that hold hospitals accountable for utilizing their 340B revenue.

Moreover, we must call for greater transparency in reporting. Hospitals must disclose how much of their 340B revenue is allocated to charity care and what that care entails. We propose that any entity wishing to participate in the 340B program should be required to allocate a certain percentage of their revenue toward charity care and to provide detailed reports on its use.

Patient Experiences

To illustrate the impact of the current system, let's consider some patient experiences. My colleague Robert Popovian and the Pioneer Institute have gathered case studies highlighting how uninsured and insured patients are affected by the 340B program. For instance, they analyzed a scenario involving a \$7,000 medication. The data showed how much a commercial patient would pay versus how much the hospital and contract pharmacy benefit from the transaction. These examples make it clear that patients often bear the financial burden, while others in the health system such as contract pharmacies owned by PBMs benefit.

Additionally, as 340B revenue increases, commercial insurance patients often end up paying higher costs. This creates a cycle where patients indirectly fund the very discounts that are supposed to help those in need.

Addressing Misconceptions

It's also important to address some misconceptions surrounding the 340B program. For example, many pharmacies participating in the program are located in affluent neighborhoods, raising questions about their accessibility to underserved populations. We must ensure that these pharmacies serve the communities that truly need the benefits of the 340B program.

Furthermore, we should avoid bashing clinics, particularly Federally Qualified Health Centers (FQHCs), which are already subject to stringent regulations. Suzanna mentioned them earlier as a "good actor" and I couldn't agree more. These clinics often have requirements to allocate a certain percentage of their revenue to charity care and are required to disclose their charity care numbers. Our focus should be on advocating for accountability among hospitals and contract pharmacies rather than attacking the clinics that provide essential services.



Why Patients Should Get Involved

Now, you may be wondering, "Why should I, as a patient, get involved in 340B advocacy?" The answer is simple: your voice matters. By participating in advocacy efforts, you can help ensure that the 340B program works as intended—to provide affordable medications to those who need them most. If you want specific reasons, let's get into them:

- Let's start with Empowerment: Getting involved empowers you to take control of your healthcare journey. When patients advocate for themselves and their communities, they can influence policies directly affecting their access to medications and healthcare services.
- Additionally, advocacy has a Community Impact, which Clayton mentioned briefly earlier and I want to reiterate: Your involvement can help create a ripple effect in your community. When patients unite to advocate for reform, they can amplify their message, drawing attention to the issues that matter most. This collective effort can lead to meaningful changes that benefit not just individual patients, but entire communities.
- Moreover, patient advocacy leads to Informed Decision-Making: Engaging in advocacy helps you become more informed about the healthcare system and the policies that govern it. This knowledge equips you to make better health decisions and educate others about their rights and options.
- Another major benefit is Building Relationships: Many patients around the country are fairly siloed when it comes to their health care team. They only have their family and their doctors to rely on for help. Advocacy provides opportunities to connect with other patients, healthcare providers, and policymakers. These relationships can foster collaboration and support, creating a network of individuals committed to improving healthcare access and affordability.
- Long-Term Change: Finally, by advocating for 340B reform, you contribute to the long-term sustainability of the program. Your efforts can help ensure that future patients have access to the medications they need without facing financial hardship.

Conclusion

In conclusion, the 340B program is a valuable initiative that has the potential to benefit patients significantly. However, for it to fulfill its promise, we must advocate for reforms that ensure patients are the primary beneficiaries of the program. We need to push for transparency, accountability, and a clear definition of charity care.

I encourage all of you to engage in this conversation, to understand your rights as patients, and to advocate for the changes necessary to improve the 340B program. Together, we can make a difference in the lives of patients who rely on affordable access to medications.

