



WRITING SAMPLE

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Overcoming the Challenges and Realizing the Benefits of a 340B Program

By Gretchen Heber

Created in 1992, the 340B drug discount program is a vital component of many hospitals' initiatives to provide better access to care for underserved populations. Today, approximately one in four Texas hospitals have 340B programs in place that help them provide more care to more patients. Among them is Fort Worth's JPS Health Network, a 560-bed hospital with a large population of underserved patients. "Because of our patient population, the 340B (program) is very helpful for us to be able to provide more services to our patients," said Erma Lee director of compliance. JPS uses the amount of money they save on 340B drugs to run their 20 school-based health clinics, which provide invaluable health services to children who might not otherwise receive treatments such as immunizations or medications for asthma. Lee

"I think that most 340B hospitals will tell a similar story. We're all providing care for patients," she said. "If we're able to see a savings from 340B programs, it's to provide more care."

Under the 340B program, drug manufacturers provide discounted outpatient medicines to qualified nonprofit and public health care organizations that serve vulnerable patients. These hospitals and clinics use the savings they receive from purchasing drugs at 20 to 60 percent below list price to offer less expensive drugs to uninsured and vulnerable patients. And because insured patients pay list price for the drugs, the hospitals then are able to use the savings to fund critical programs – a diabetes clinic, for example – for their historically underserved patients.

But many eligible hospitals do not have 340B programs in place. Not only can they be challenging to set up and manage in house, they also require complex partnerships between

hospitals, drug companies and pharmacies. Non-profit hospitals sometimes view adding another government program to the list of projects to manage too large of a barrier.

So while some hospitals have embraced the program wholeheartedly and have turned those savings into crucial services for their communities, others have not found an efficient way to administer a 340B program.

But implementing and running 340B programs can be done effectively with the right tools, said John Bretz, director of strategic relations at SUNRx. SUNRx is a services and technology company that works with safety net hospitals and their partner pharmacies to efficiently and compliantly manage 340B programs.

Bretz “340B programs require technology and expertise to manage,” said Bretz. “They are a partnership between drug companies, the hospital and the pharmacy. A vendor such as SUNRx creates a superhighway that brings these entities together.”

Hospitals that implement 340B programs must have a complex split billing system to identify eligible 340B claims. They also must work with contract pharmacies that are registered with the 340B program and are managed appropriately.

The right technology vendor can take the headache out of navigating the required logistics to run a successful 340B program. “We integrate with a hospital’s electronic health record and make sure all elements of the process comply with regulations,” said Bretz. “And we work with hospitals to contract with local pharmacies to bring them into the system. When a patient goes into a pharmacy, it’s all automated.”

SunRX also can evaluate and optimize programs already in place at hospitals, explained Bretz.

More Services to More Patients

Hospitals concerned about the effort to bring in a vendor to manage a 340B program should consider that in most cases, implementing the program means adding a new revenue stream, which often more than pays for the vendor’s services.

“We are new net revenue,” said Bretz. “We create a revenue stream for hospitals that didn’t exist before.”

Ted Slafsky, president and CEO of 340B Health, an advocacy group for 340B providers, agreed. “This program enables hospitals to open up new clinics to stretch resources,” he said. “It is an absolute lifeline for these hospitals and their patients.”

Rough Sailing Ahead?

Despite the benefits that many hospitals and patients see under the program, the Centers for Medicare & Medicaid Services proposed a rule in July that would dramatically cut the reimbursement rate for Medicare Part B drugs purchased by certain hospitals utilizing the 340B program.

Slafsky Proponents of 340B programs are not pleased with the proposal. “CMS is proposing to cut the reimbursement by 30 percent,” said Slafsky. “This would be devastating for hospitals that provide a lot of care to underserved patients. They would have to cut back on the services they provide to vulnerable populations.” Currently, there are 146 hospitals with 340B programs in Texas as of October 2017, according to the Office of Pharmacy Affairs. All stand to be impacted by proposed changes.

Legislators of both parties in the U.S. House of Representatives – 228 total – agree, and sent a letter in late September to CMS administrator Seema Verma asking that the rule be withdrawn. Numerous other groups echo the sentiment, including the agency’s own Medicare Advisory Panel on Hospital Outpatient Payments.

CMS is expected to issue its final rule sometime this fall.

Worth the Trouble

340B can be a valuable tool for safety net hospitals looking to stretch their limited resources. The program is a way to provide additional, life-saving services to low-income patient populations, as well as bring critical services closer to home in isolated, rural areas.

Hospitals will want to carefully vet 340B management partners to find one that will customize a program specific to the hospital’s needs, and one that will maximize efficiency and effectiveness to make critical funds available for resource-thin organizations.

With technology partners like SunRX, hospitals can ease the logistical pain points that administrators have traditionally faced when trying to launch or improve a 340B program and help improve the savings margin to better serve their patients.