

CHALLENGES TO 340B: OVERALL PHARMACY COST MANAGEMENT

Leadership Institute Roundtable

Clint Hinman, PharmD, MPH

Vice President/Chief Pharmacy Officer, Centura Health

The Leadership Institute
October 17, 2017

Objectives

- Strengths and weaknesses of the current 340b program
- Federal health policy challenges to the 340b program
- Overall pharmacy cost management opportunities
- Group discussion

340b Program

- Intent and development of the 340b program is to enable covered entities to stretch scarce Federal resources as far as possible; thus, reaching more eligible patients and providing more comprehensive services.
- Manufacturers participating in Medicaid agree to provide outpatient drugs to covered entities at significantly reduced prices.
- Eligible entities are defined in statute and range from Ryan White Clinics and Disproportionate Share Hospitals (DSH) to children's hospitals and other safety net providers.
- Participation is dependent upon registration, enrollment, and subsequent compliance with all program requirements

Program Strengths and Weaknesses

- Strengths
 - Assists health care providers serve vulnerable populations to better meet their missions and stretch scarce resources
 - Decrease in eligible entity drug spend
 - Flexibility in savings utilization (ie. Site specific determination of service provision)
- Weaknesses
 - Lack of regulatory clarity (ie. Definitions)
 - Minimal Health Resources and Services Administration (HRSA) oversight resources
 - Growth and expansion

Policy and Regulatory Landscape

- Mega-guidance withdrawn
- Executive Order pending
- 340b ceiling price and manufacturer civil monetary penalties regulation
- CMS 2018 Outpatient Prospective Payment System (OPPS) Proposal
- House Energy & Commerce Committee
- Pending action
 - Limits to contract pharmacies and/or oncology clinics
 - Detailed reporting requirements
 - Eligibility definition revisions (Medicaid case load to outpatient charity care)

Fiscal Planning and Implications

- Compliance
- Care coordination
- Advocacy
- Technology optimization
- Focus on health care services for poor and vulnerable populations

Group Discussion

