

## **AACU Policy Stance: AACU is a Proponent of 340B Reform**

According to the Congress Research Service; *Congress created the 340B Drug Discount Program (340B) in 1992 through the Veteran's Health Care Act (P.L. 102-585) to enable health care providers that serve low-income and uninsured patients to purchase drugs at lower costs. The Health Resources and Services Administration (HRSA), part of the U.S. Department of Health and Human Services (HHS), administers the Program.*

*The 340B statute requires the Secretary of HHS to enter into purchase price agreements (PPAs) with drug manufacturers that participate in the Medicaid Program. The terms of these PPAs require manufacturers to sell certain covered outpatient drugs at a "ceiling price," which is calculated based on a statutory formula. Manufacturers may not charge covered entities more than the ceiling price if they sell the drug to any other entity at any price. Providers may pass the drug discounts on to patients, but the statute does not require them to do so. The statute provides a list of "covered entities" that may purchase drugs from manufacturers at discounted prices. Covered entities include Federally Qualified Health Centers, Native Hawaiian Health Centers, Tribal and Urban Indian Organizations, children's hospitals, and other providers that care for rural and underserved populations.*<sup>1</sup>

The AACU has always stood for ensuring fair and equitable policies that promote transparent, accessible and affordable patient care, especially for rural and historically underserved populations.

Over the years, the AACU has observed strong interpretational differences between the hospital and manufacturer communities over the cause of 340B expansion.

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<sup>1</sup>Congressional Research Service *Overview of the 340B Drug Discount Program*; October 14, 2022  
<https://crsreports.congress.gov/product/pdf/IF/IF12232>

We believe that Congress should compel CMS to conduct a study of hospital acquisition costs so that a stable unbiased finding can be made, which will ultimately establish an appropriate payment model for 340B entities.