**340B-P: Reforming the 340B Program to Ensure Direct Benefits for Patients**

**Overview**

COA is proposing a significant shift in the structure of the current 340B program to ensure that patients benefit directly from manufacturer discounts on outpatient drugs. The proposal contains 3 key components:

* Shifting eligibility from certain Covered Entities (CEs) to patients
* Collecting current discounts on 340B products to establish a Patient Assistance Fund
* Using funds to reduce patient cost-sharing on outpatient drugs

In 2020, it was projected that $38 billion in discounts were provided by manufacturers for outpatient drugs acquired via the 340B program. Of this total, DSH hospitals benefited from $30.8 billion in discounts. However, there is very little accountability for DSH hospitals to ensure that these discounts are used in ways that directly benefit patients. Therefore, COA is proposing a “follow-the-patient” model that would allow for lower-income patients to benefit from the extensive discounts currently available to DSH hospitals for outpatient drugs regardless of where they seek care.

**Eligibility Changes**

DSH hospitals would no longer qualify as 340B CEs and would not have access to discounted products

*Note: This proposal would not impact other 340B CEs such as specialized clinics, centers, grantees, or other hospital types*

Patients with incomes <400% FPL would be eligible for 340B patient assistance

*Exclusions: Medicaid enrollees*

In establishing a follow-the-patient model, individuals with limited cost sharing for prescription drugs due to Medicaid will be excluded. However, the uninsured population and individuals with other sources of coverage may face burdensome levels of cost-sharing on drugs. Therefore, this proposal seeks to reduce the burden for individuals with incomes less than 400% of the Federal Poverty Level. Assistance will be provided on a sliding scale based on income, as detailed below.

**Patient Assistance Fund**

**~$30.8B**

in Discounts Redirected to Fund Patient Assistance Pool

|  |  |  |  |
| --- | --- | --- | --- |
| **Coverage** | **Income Eligibility** | **Reduction to Patient Liability** | **Savings to Patients** |
| Uninsured | <400% FPL | 80% | $9.9B |
| Insured  *(Non-Medicaid, Non-Medigap)* | <200% FPL | 65% | $11.2B |
| 200-300% FPL | 55% | $7.1B |
| 300-400% FPL | 45% | $3.2B |

*Note: Our analysis assumes that approximately half of individuals <200% FPL will likely have access to free or significantly discounted drugs in accordance with hospital charity care policies.*

Discounts provided to address patient cost-sharing would make a significant impact on patient OOP spending. For the uninsured population, which may be liable for the full cost of a drug, the assistance fund would effectively limit their cost-sharing to 20% of the drug’s cost, bringing their liability in line with insured individuals. For insured individuals with income under 200% FPL, a 65% reduction in cost sharing would result in an enrollee with 20% coinsurance for a product effectively facing only 7% in cost-sharing.