



## Safety Net Hospitals for Pharmaceutical Access

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Contact: Tom Mirga  
(202) 552-5853  
[tom.mirga@snhpa.org](mailto:tom.mirga@snhpa.org)

Contact: Ted Slafsky  
(202) 552-5860  
[ted.slafsky@snhpa.org](mailto:ted.slafsky@snhpa.org)

### **New Report Demonstrates Value of Drug Discount Program to Patients and Hospitals**

June 29, 2011 – A drug discount program created by Congress has enabled hospitals to provide pharmaceutical care to the nation’s most vulnerable patient populations and is critical to continued operations, according to a new report.

The 340B program was established in 1992 by Congress and signed into law by President George H.W. Bush. It enables hospitals, community health centers and other health care providers that serve a disproportionate share of low-income and uninsured patients to access significant discounts on pharmaceuticals.

The report, the most comprehensive evaluation of hospital use of the 340B program since the program was created two decades ago, was conducted by two former analysts at the U.S. Department of Health and Human Services Office of Inspector General (OIG) who were deeply involved in researching and drafting a series of influential reports on 340B operations during their tenure at the OIG.

The study is based on the results of a survey conducted earlier this year asking 340B hospitals to assess how much they save through their participation in the 340B program and how they are using those savings.

Among the findings:

- **Significant savings through the program**
  - Hospitals report saving 27 percent through the program, resulting in an average of \$5.2 million in cost reductions per respondent.
  
- **340B savings are critical to hospital operations**
  - 100 percent of respondents reported savings are important; 85 percent cite them as critical.
  - 98 percent of respondents state that a loss of 340B savings would have an adverse impact on the organization and its patients.
  - 83 percent of respondents attribute the continuity of their safety-net operations to 340B savings.

- **340B savings reduce costs to patients**
  - 74 percent of respondents with an outpatient pharmacy use 340B savings to reduce the price of drugs to patients.
  - More than two thirds report using 340B savings to offset low pharmacy reimbursement.
  
- **340B program savings increase patient access to pharmacy services**
  - 75 percent of respondents use 340B savings to increase patient access to drugs.
  - Over half of respondents use 340B savings to support enhanced pharmacy services.
  
- **Hospitals face challenges**
  - 40 percent of respondents reported difficulty obtaining outpatient drugs at the 340B price even though manufacturers are required to provide these discounts.
  - Rural and cancer hospitals express concern about a restriction, established under last year's health reform law, which prevents them from accessing 340B discounts on expensive drugs used to treat rare diseases.
  - Hospitals want the program extended to the inpatient setting to reduce costs and relieve them of administrative burdens. Legislation to accomplish that goal is expected to be introduced in Congress soon.

“The report underscores the importance of the 340B program to safety-net hospitals and the underinsured and uninsured patients they serve. Safety-net hospitals rely on 340B to provide improved access and quality care to the vulnerable patients in their communities,” said Ted Slafsky, Executive Director of Safety Net Hospitals for Pharmaceutical Access (SNHPA), the organization that commissioned the report.

“The 340B program is not only critical to the health care providers and their patients, it also translates into savings to taxpayers,” added SNHPA President and General Counsel William von Oehsen. “We urge Congress and other policymakers to keep this in mind as they work to solve our nation’s challenges in health care delivery, cost and access.”

Click [here](#) for the full report.

*Safety Net Hospitals for Pharmaceutical Access (SNHPA) is an association of over 700 hospitals with a mission to increase the affordability and accessibility of pharmaceutical care for the nation's poor and underserved populations. For more information about SNHPA and the 340B program, visit [www.snhpa.org](http://www.snhpa.org).*