



FULL POCKETS. EMPTY BOTTLES.

Don't let drug companies dismantle the 340B Drug Pricing Program. It gives thousands of HIV patients access to care and affordable drugs through nonprofit hospitals and clinics. Congress created 340B to offset skyrocketing drug prices and help low-income people get the care they need—through drug company discounts, not taxpayer dollars. 340B discounts cost drug companies just more than 1% of their nearly \$500 billion in annual sales. Don't let drug companies kill a program that works to keep runaway prices in check and patients alive and healthy.

**DRUG
COMPANIES
CAN LIVE
WITH 340B.
PATIENTS CAN'T
LIVE WITHOUT IT.**



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SEPARATING **FACT** FROM FICTION

FICTION: THE 340B PROGRAM HAS GROWN OUT OF CONTROL.

FACT: Federal law strictly defines which providers may participate in 340B, and a bipartisan Congress has periodically updated that definition to include new providers, such as critical access hospitals. In short, the program has grown entirely consistent with law.

FICTION: 340B DISCOUNTS BURDEN DRUG COMPANIES.

FACT: In 2015, according to federal figures confirmed by government witnesses at a May 2018 Senate hearing, 340B discounts totaled \$6 billion, or about 1.3% of \$457 billion in drug sales. Drug companies enjoy an average profit margin of 17-19%. Essential hospitals, by contrast, operate with an average margin of 4%.

FICTION: 340B USES TAXPAYER DOLLARS.

FACT: 340B provides no government funding to hospitals, and there is no such thing as “340B revenue.” Rather, the program requires drugmakers to sell their products at a discount to safety-net providers. So, it saves money taxpayers otherwise would spend on indigent care. Further, all hospitals in the program must be nonprofit or government entities.

FICTION: 340B HOSPITALS PROVIDE TOO LITTLE CHARITY CARE.

FACT: The average essential hospital provides more than \$70 million annually in total uncompensated care to low-income patients—nine times as much as other hospitals. Charity care represents only a slice of that larger mission. Studies show 340B disproportionate share hospitals provide more than twice as much care to Medicaid and low-income Medicare patients than non-340B, acute-care hospitals.

FICTION: THE LAW REQUIRES THAT 340B DISCOUNTS GO DIRECTLY TO PATIENTS.

FACT: Congress explicitly designed the 340B program to let hospitals use discounts to “stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services” (House Report No. 102-384 (II) (1992)). Of course, hospitals do provide discounts directly to low-income patients, but they also use 340B savings to support many other services for the vulnerable.

FICTION: MEDICARE OUTPATIENT CUTS TO 340B HOSPITALS WILL HELP BENEFICIARIES.

FACT: The majority of savings from the 28% cut to 340B hospitals under the Outpatient Prospective Payment System will go to third-party payers, such as insurance companies and Medigap plans. The cut fails to help patients, hurts the hospitals on which they rely, and dilutes the value of 340B by spreading savings across all hospitals—even those not in the program.

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