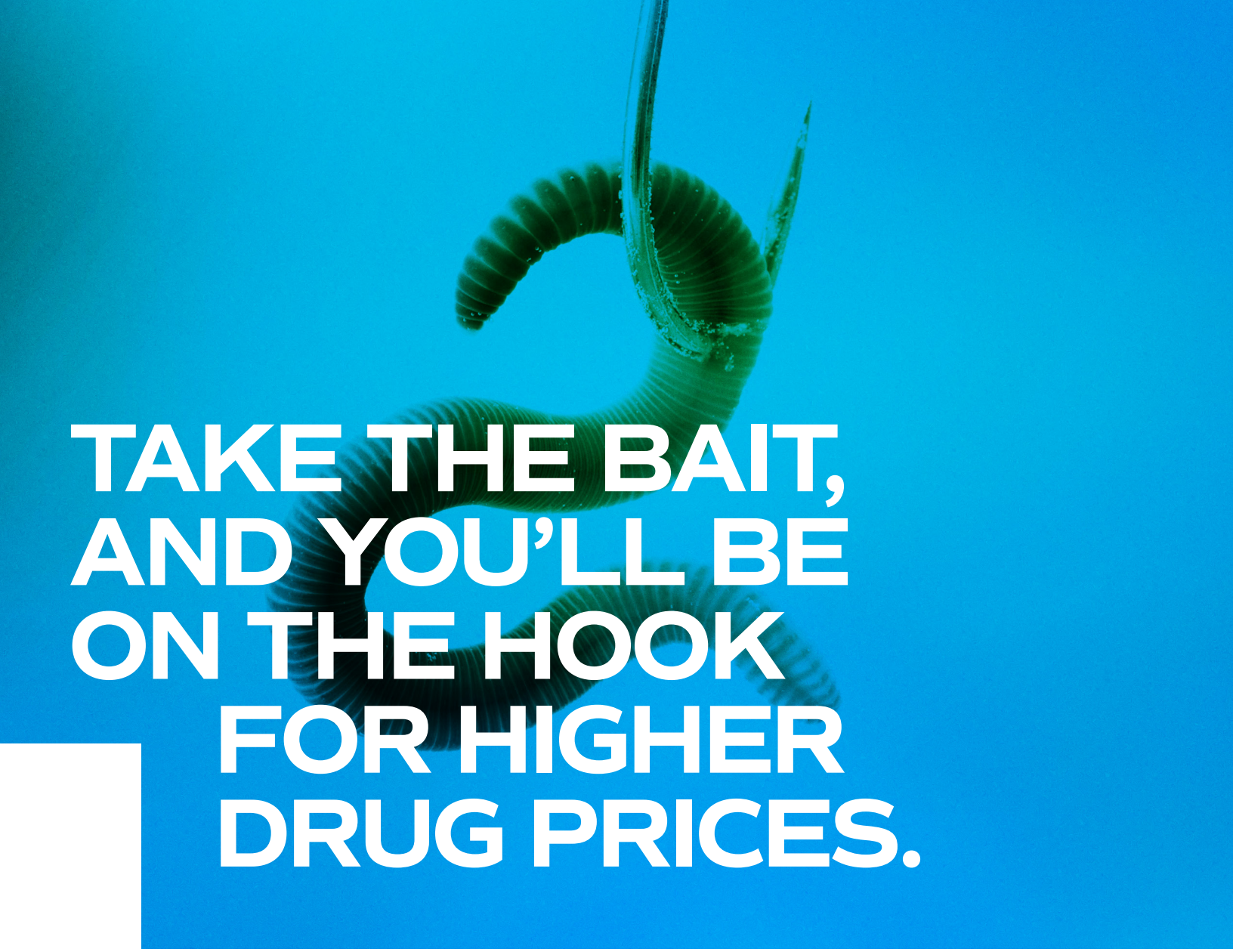

TAKE THE BAIT, AND YOU'LL BE ON THE HOOK FOR HIGHER DRUG PRICES.

The pharmaceutical industry's campaign to kill the 340B Drug Pricing Program is designed to divert your attention from the real problem: the inflated prices these companies alone set. Don't take the bait. Scaling back the 340B program will further enrich drug companies at the expense of state and local taxpayers. Consistent with their mission and congressional intent, hospitals use 340B savings to make affordable drugs and care available to low-income patients. Keep those savings where they belong: with patients and communities, and the nonprofit hospitals on which they rely.

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

AMERICA'S ESSENTIAL HOSPITALS

PROTECT340B.ORG

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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