

340B Drug Pricing Integrity and Affordability for Patients Act Discussion Draft

Congress created the 340B Program to make health care more affordable and accessible for low-income and uninsured patients. Currently, covered entities—such as hospitals and community health centers that qualify for the program—may purchase certain prescription drugs at highly discounted rates and charge the full price to a patient or their insurer, using the revenue to support the covered entity’s operations. Since Obamacare expanded eligibility for the program, 340B has ballooned with limited oversight and lack of transparency. Recent high-profile [examples](#) of 340B hospitals directing resources to wealthy areas while reducing services in low-income communities raise questions about how covered entities use 340B revenue to directly benefit low-income or uninsured patients. According to the [Congressional Budget Office](#), misaligned incentives within 340B drive up the cost of medications and health insurance for taxpayers. Despite these widely recognized challenges, the 340B Program has not been reformed by Congress in the 15 years since Obamacare.

Chairman Cassidy’s 340B Drug Pricing Integrity and Affordability for Patients Act (“340B for Patients Act”) discussion draft is a comprehensive 340B reform proposal to ensure the program operates with integrity by delivering value to patients and making prescription drugs and other needed services more affordable.

The 340B Drug Pricing Integrity and Affordability for Patients Act Overview:

- Prevents waste, fraud, and abuse of the Program by bad actors.
- Ensures the Program is actually benefiting low-income and uninsured patients.
- Provides crucial regulatory clarity to prevent gaming of the Program.
- Fixes Program operations and puts it on a sustainable path to lower health care costs for all Americans.

Policy Details:

- Operationalizes the existing requirement to avoid duplication of 340B discounts.
- Clarifies key 340B definitions and ensures program stability for all who participate.
- Creates transparency and reporting requirements on how 340B revenue is being used.
- Creates a new sliding fee scale for low-income patients being served by hospital covered entities and ensures no covered entity receiving 340B can price out its patients from key medicines.
- Limits predatory practices of middlemen and contract pharmacies that siphon 340B revenue away from patients of covered entities.
- Reforms the 340B Prime Vendor Program to offer choice to covered entities in how they access 340B drugs and prevent anti-competitive behavior or conflicts of interest on the part of federal contractors.
- Closes covered entity eligibility loopholes and provides enforcement authorities to weed out bad actors and ensure covered entities are participating in the program to serve patients, not line their pockets.