



**Institute for
Patient Access**

FOR IMMEDIATE RELEASE
May 15, 2018

CONTACT: Susan Hepworth
shepworth@allianceforpatientaccess.org

*****PRESS RELEASE*****

**Physician Poll: 340B Program Being Inappropriately Used,
Allowing Hospitals to Profit**

New poll of physicians finds qualms about the 340B program

WASHINGTON – The nonprofit Institute for Patient Access today released the results of a recent [poll of physicians](#) showing concern about the federal government’s 340B drug pricing program, which was designed to encourage care for indigent and underinsured patients but has instead ballooned into a revenue stream for growing hospital systems.

IfPA's research was released in advance of Tuesday's hearing by the Senate Health, Education, Labor and Pensions Committee to examine oversight reports on the 340B program. The hearing is the second on the issue in just two months. At a March 15 hearing, Committee Chairman Lamar Alexander (R-Tenn.) remarked upon “confusion” surrounding the program’s goals. Senator Alexander noted that 1.3 percent of all prescription drug spending in the United States goes to 340B institutions.

The 340B program also features prominently in President Donald Trump's newly released “Blueprint to Lower Drug Prices.” The president notes that “Some hospitals that receive drug discounts under the 340B program... do not provide meaningful levels of charity care to low-income and vulnerable patients, ultimately pushing up drug prices for patients with private health insurance.”

The Institute for Patient Access’ poll was conducted by WPA Intelligence and includes responses from 256 rheumatologists, dermatologists, oncologists and gastroenterologists.

Poll Highlights:

- Nearly half of physicians, 44% (plurality), think the 340B program is being inappropriately used to purchase discounted medicines to treat patients who are not low income or indigent, allowing participating hospitals to profit.
- 46% (plurality) say patients have not benefitted from lower pharmaceutical costs because of the 340B program.
- 39% (plurality) say the 340B program incentivizes the consolidation of community-based practices with hospitals.
- 54% say the 340B program has had no effect, an unclear effect or has actually decreased patients’ access to care.

The 340B program works by providing qualifying facilities a significant discount on prescription drugs in exchange for their treatment of indigent patients. In addition to their savings from front-end discounts, 340B facilities also generate revenue when the reimbursement they receive for the drug exceeds the discounted price they paid for it.

The system offers a generous and growing benefit for participating facilities, saving them \$6 billion in 2015 alone. It's little surprise, then, that the number of facilities covered by 340B is growing. Participation jumped from 583 in 2005 to 2,140 in less than a decade's time. By 2014, more than 40 percent of the nation's hospitals were participating, even though roughly two-thirds of them spent less on charity care than the national average.

Ideally, participating facilities would pass the savings along to the patients or apply the revenue to uncompensated charity care. But there are no federal rules about how hospitals can use the funds, allowing them to apply the revenue to administrative costs, capital projects and facility overhead.

As one rheumatologist participating in the IfPA poll noted, "The program is saving hospitals and covered entities money, but they are not passing it onto patients through lower costs just increasing profits."

Meanwhile, the ability for satellite offices to reap the same 340B benefit as their parent hospital is driving big hospital systems to consolidate community-based practices. The move could leave patients with fewer options and less access to their physicians' offices.

IfPA's research suggests that, like high drug prices, exorbitant use of drug discount programs can also harm patients.

###

The Institute for Patient Access (IfPA) is a physician-led policy research organization dedicated to maintaining the primacy of the physician-patient relationship in the provision of quality health care.