

Maintaining and expanding a patient-centered 340B program in the face of change

September 22, 2023

Goals of Today's Session

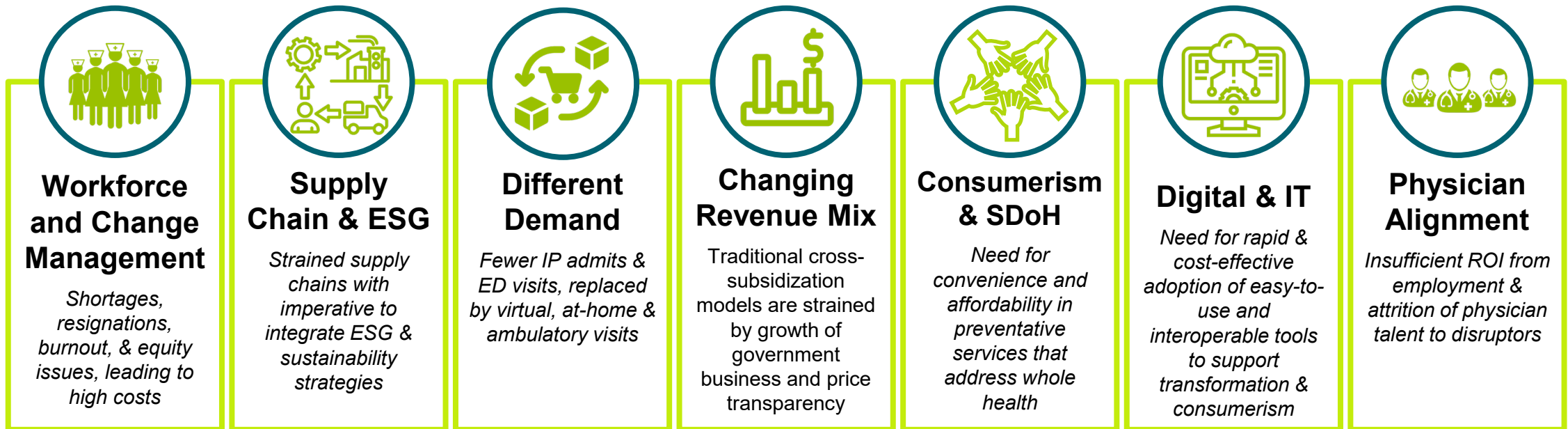
Session Description:

The 340B Drug Pricing Program is vital to eligible hospitals and grantees in helping them deliver high-quality, affordable, patient-centered care to all patients. In this session, we will explore how eligible entities have been impacted by events over the last three years and identify how these entities can maintain and expand the program's benefits, allowing them to deliver quality health services to their patient populations.

Learning Objectives:


1. Overview of the 340B Program
2. Understand changes to the 340B landscape over the last three years
3. Identify strategies to maintain and expand your 340B program

What challenges are keeping you and your organization up at night?



Success in the new post-pandemic healthcare economy isn't about squeezing money from the usual sources. It's a 360-degree reassessment of everything a hospital does.

One of those areas to reassess is the strategic leverage of the 340B Drug Pricing Program so that your organization can continue to deliver high-quality patient-centered care.



Overview: What is 340B and Goals of the Program

Overview of The 340B Drug Pricing Program?

The main intentions of the 340B program are: (1) to reduce the financial burden of purchasing drugs at GPO or higher cost for hospitals that have a high disproportionate share of patients or are federal grantees, and (2) for the savings and revenue generated by the program to be invested back into their patient communities

What is 340B?¹

- The 340B Drug Pricing Program was created in 1992 and aimed at enabling certain healthcare providers, known as covered entities, **“to stretch scarce federal resources to reach more eligible patients or provide more comprehensive services.”**
- The **340B Program enables eligible healthcare organizations** (referred to as ‘Covered Entities’) to **purchase outpatient drugs** from manufacturers participating in Medicaid **at a significantly lower price.**
- As a condition of participating in the Medicaid Drug Rebate Program (MDRP), drug manufacturers are required to participate in 340B, which provides discounts on outpatient drugs purchased by eligible healthcare organizations, many of which are safety-net providers treating high percentages of uninsured or low-income patients.

Who is eligible for the 340B Drug Pricing Program?¹
Section 340B(a)(4) of the Public Health Service Act specifies which covered entities are eligible to participate in the 340B Drug Pricing Program. These include qualifying hospitals and Federal grantees

Hospital Types	Federal Grantees
<ul style="list-style-type: none"> • Disproportionate Share Hospital • Children’s Hospital • Critical Access Hospital • Free-Standing Cancer Hospital • Rural Referral Center • Sole Community Hospital 	<ul style="list-style-type: none"> • Federally Qualified Health Center • Federally Qualified Health Center Look-Alikes • Title X Family Planning Grantees • State Aids Drugs Assistance Programs • Ryan White Care Act Grantees (A,B,C,D,F) • Black Lung Clinics • Hemophilia Treatment Centers • Native Hawaiian Health Centers • Urban Indian Organizations • Sexually Transmitted Disease Grantees • Tuberculosis Grantees

How do eligible hospitals qualify?

A hospital must meet one of the following criteria:

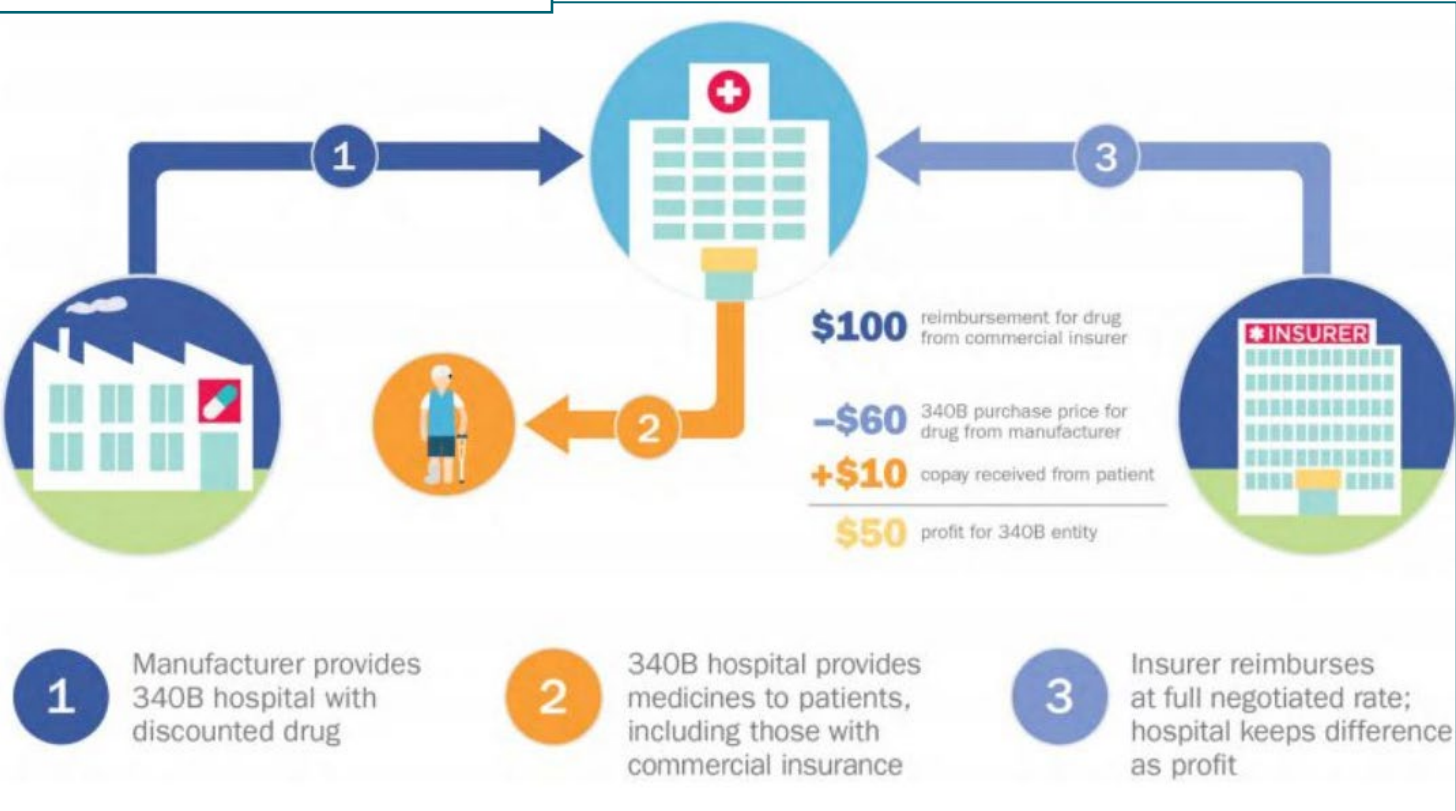
- Be Private and non-profit with a valid contract to provide healthcare services to low income individuals
- Be Owned by a state or local government
- Be a public or private non-profit formally granted governmental powers by a state or local government

Covered Entity Type	DSH %	GPO Exclusion	Orphan Drug Exclusion
Disproportionate Share Hospital (DSH)	> 11.75%	Yes	No
Free-Standing Cancer Hospital (CAN)	> 11.75%	Yes	Yes
Children’s Hospital (PED)	> 11.75%	Yes	No
Rural Referral Center (RRC)	≥ 8%	No	Yes
Sole Community Hospital (SCH)	≥ 8%	No	Yes
Critical Access Hospital (CAH)	None	No	Yes

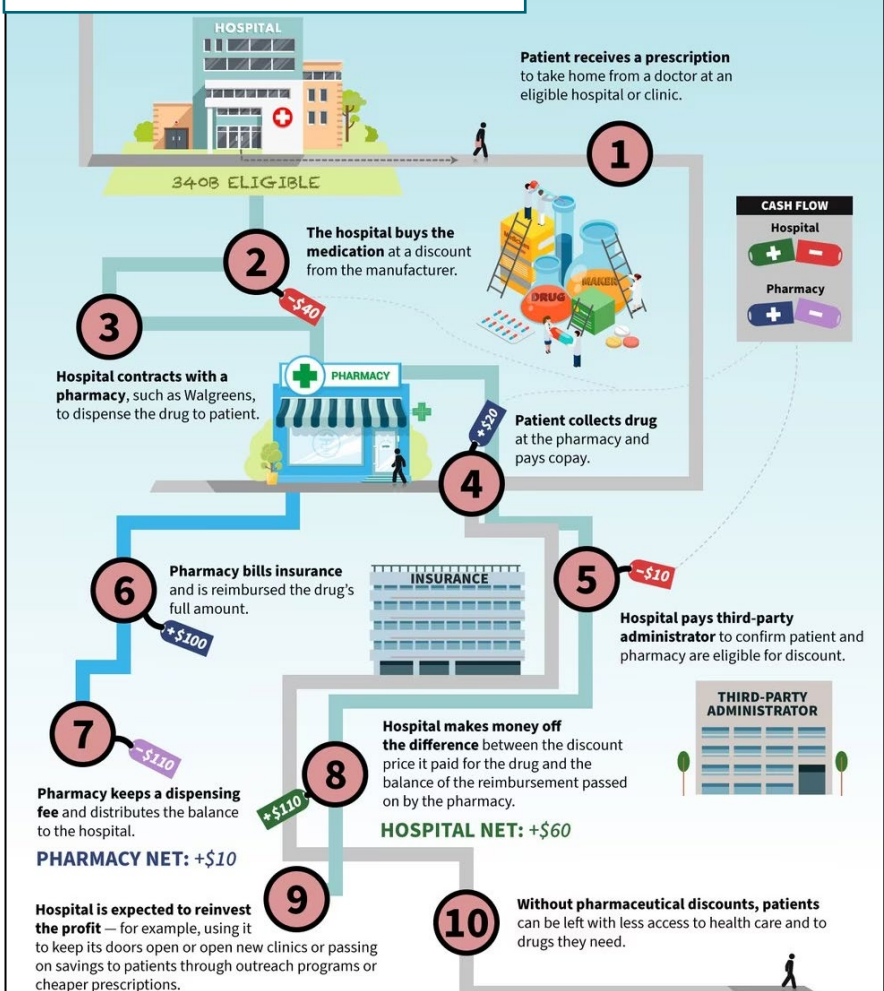
Note: The 340B statute places limitations on covered entities. Covered entities are prohibited from receiving duplicate discounts on 340B drugs from Medicaid rebates and from dispensing or selling covered drugs to non-patients.

How does the 340B Program work?

Method 1: Mixed-Use or Clean Site



Method 2: Contract Pharmacy



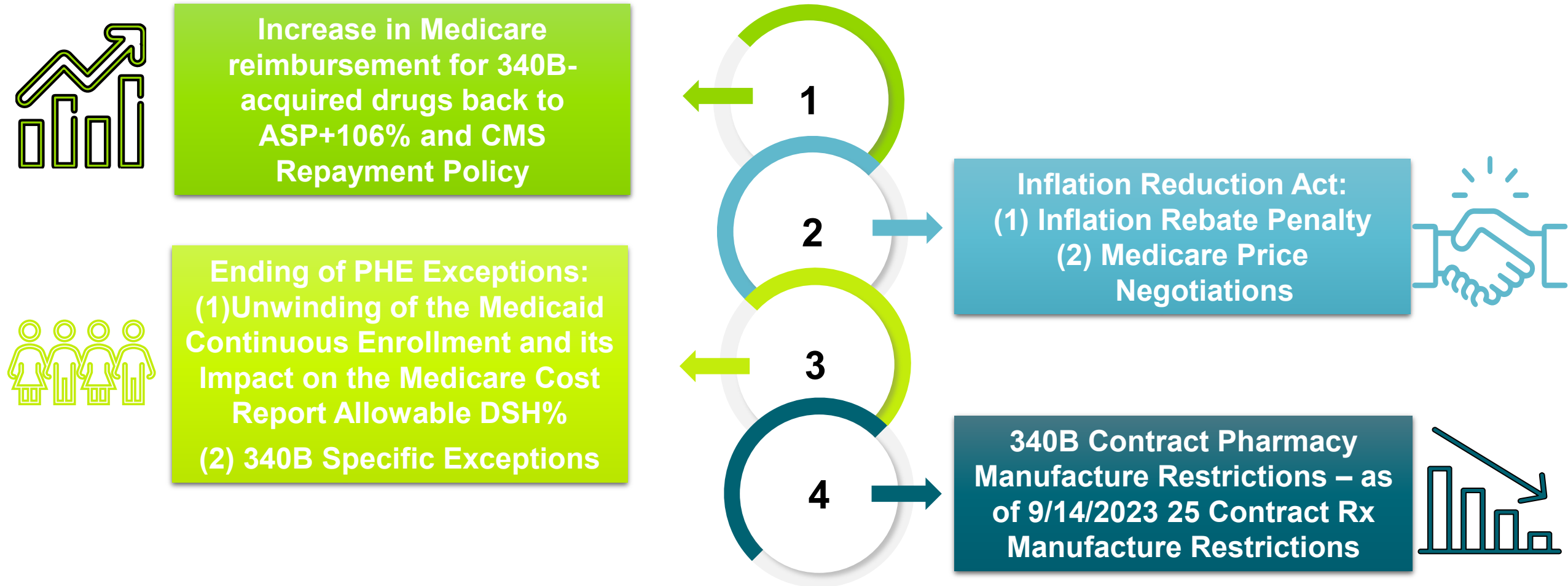
Sources:

1. "340B Drug Pricing Program." Health Resources & Services Administration, 1 Aug. 2023, www.hrsa.gov/opa. Accessed 10 Sept. 2023.
2. Tribble, Sarah J. "As Big Pharma and Hospitals Battle Over Drug Discounts, Patients Miss Out on Millions in Benefits." KFF Health News, 16 Nov. 2021, kffhealthnews.org/news/article/340b-big-pharma-hospitals-battle-over-drug-discounts-patients-miss-out-on-millions-in-benefits/. Accessed 10 Sept. 2023.
3. Davison, Rebecca. "How 340B Discounts Work." *PhRMA Foundation*, 9 Sept. 2015, phrma.org/Blog/how-340b-discounts-work. Accessed 10 Sept. 2023.



What Happened Over the last 3 Years

Key changes that impact the 340B Program





340B Strategic Enhancement Tactics

340B Enhancement Strategies and Integration Tactics

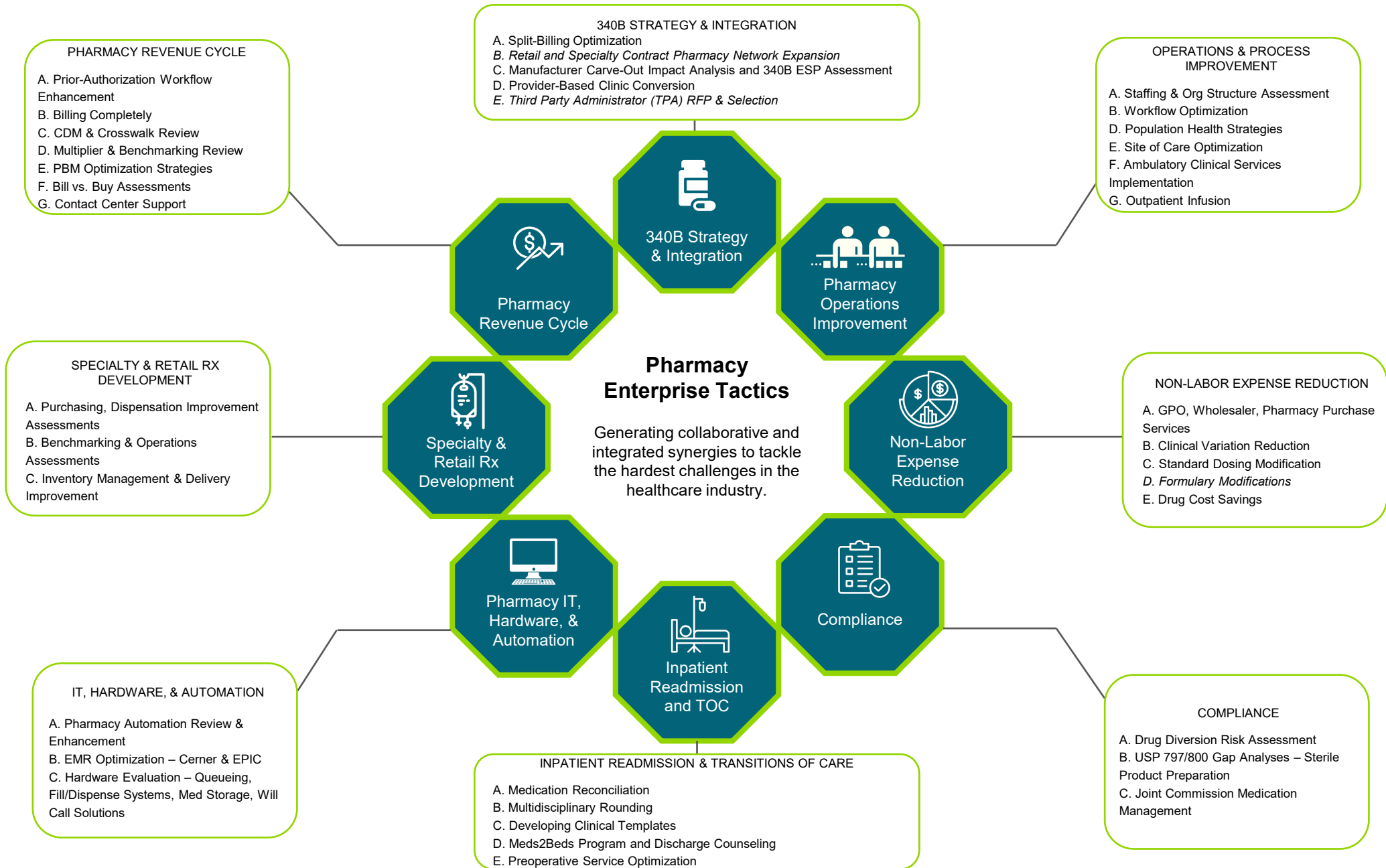
An optimal 340B model is utilized as a strategic tool for the whole health system enterprise to reduce cost, increase margin, and support the mission of providing affordable and exceptional health care to patients

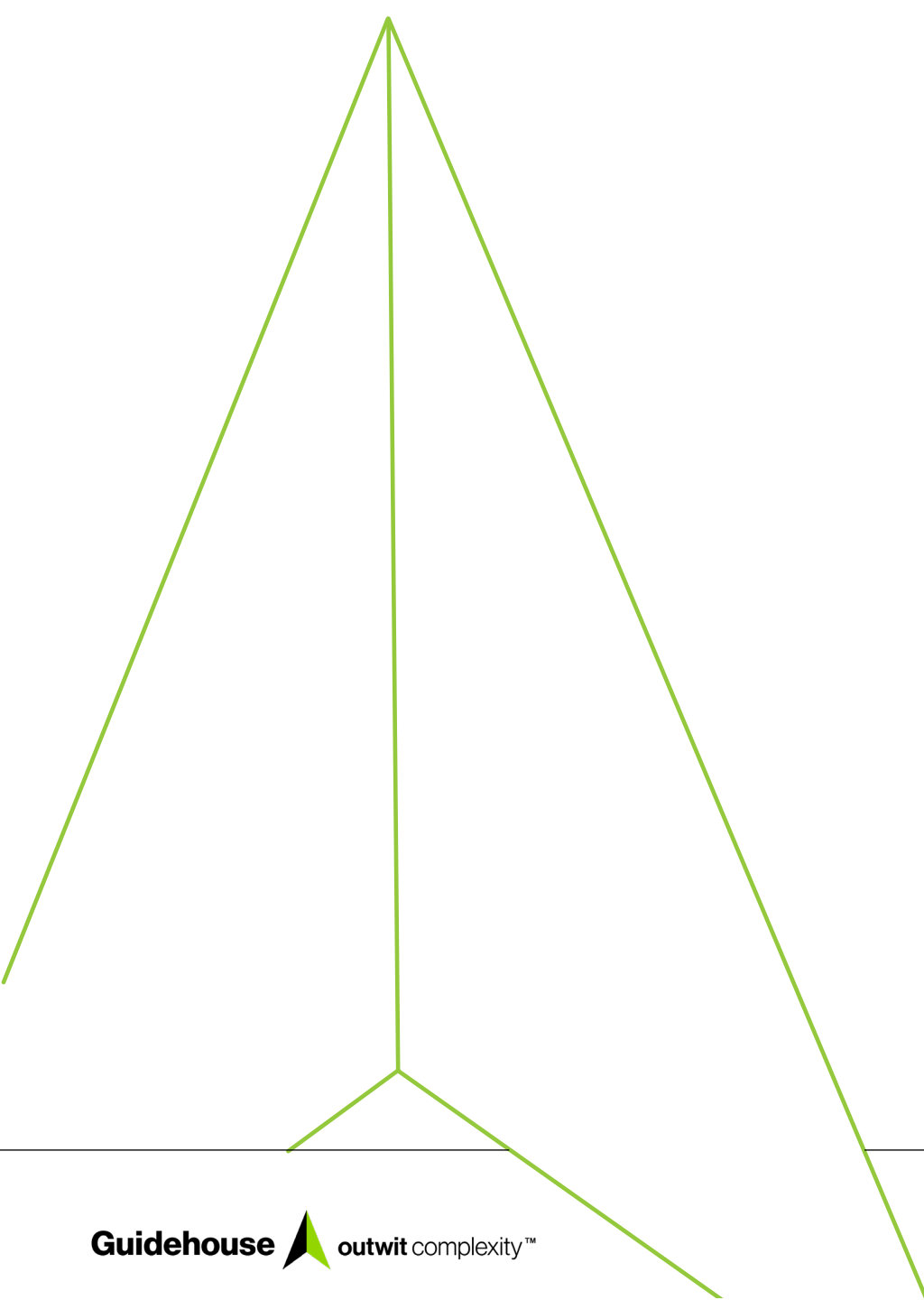
Tactics

- **Mergers & Acquisition and Provider-Based Clinic Conversion**
- **Targeted Patient Population Service Line Strategy/Community Partnerships and 340B Status Conversion**
- **On and Off Campus Hospital-Based Infusion Center Realignment and Conversion**
- **Manufacturer Carve-Out Impact Analysis and 340B ESP Claims Submission**
- **Owned Specialty & Retail Pharmacy**
- Employee Health Plan and PBM
- Referral Model and Wellness Clinic
- Retail and Specialty Contract Pharmacy Network Expansion
- Third Party Administrator (TPA) RFP & Selection
- Split-Billing Optimization



Strategy &
Integration





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Thank You

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Appendix

Guidehouse-At-a-Glance

Our Company

 **16,500+** employees

 **50+** locations globally

 **4** consecutive years on Forbes Top Employers

 GovCon 2020 Contractor of the Year, Over \$300 Million

 **2014 Award Recipient**
Malcolm Baldrige National Quality Award Recipient

2023 Military Friendly® Program



16  **#1 Rankings**
Guidehouse

#2 Largest Healthcare Consulting Firm
Modern Healthcare, 2022

Public Sector



Our Communities

 **7,000+** pro bono and volunteer hours

 **\$1,400,000+** in employee and corporate donations


 Purchased **100%** Renewable Electricity for most of our global offices

 Committed to **Science Based Targets** to reduce our greenhouse gas emissions


Commitment to Inclusion, Diversity and Belonging

 **37%** racially diverse


11 consecutive perfect scores with HRC

 **6** generations of professionals



 **49%** female
51% male

DiversityInc Great Place to Work

 **7** employee affinity groups




 **5%** Veteran and Active Duty


Our Clients

 **Healthcare:**
8 of top 10 U.S. health systems*

 **Financial Services:**
8 of the 10 largest U.S. banks

 **Life Sciences:**
38 of the top 50 pharmaceutical companies*

 **Energy:**
60 of the world's largest electric and gas utilities**


 **Public Sector:**
All **15** executive departments of the U.S. Federal Government

 **State & Local Government:**
30 out of 50 States

Our People

 **33** languages fluently spoken

 **46%** hold professional certifications

 **38%** have advanced degrees

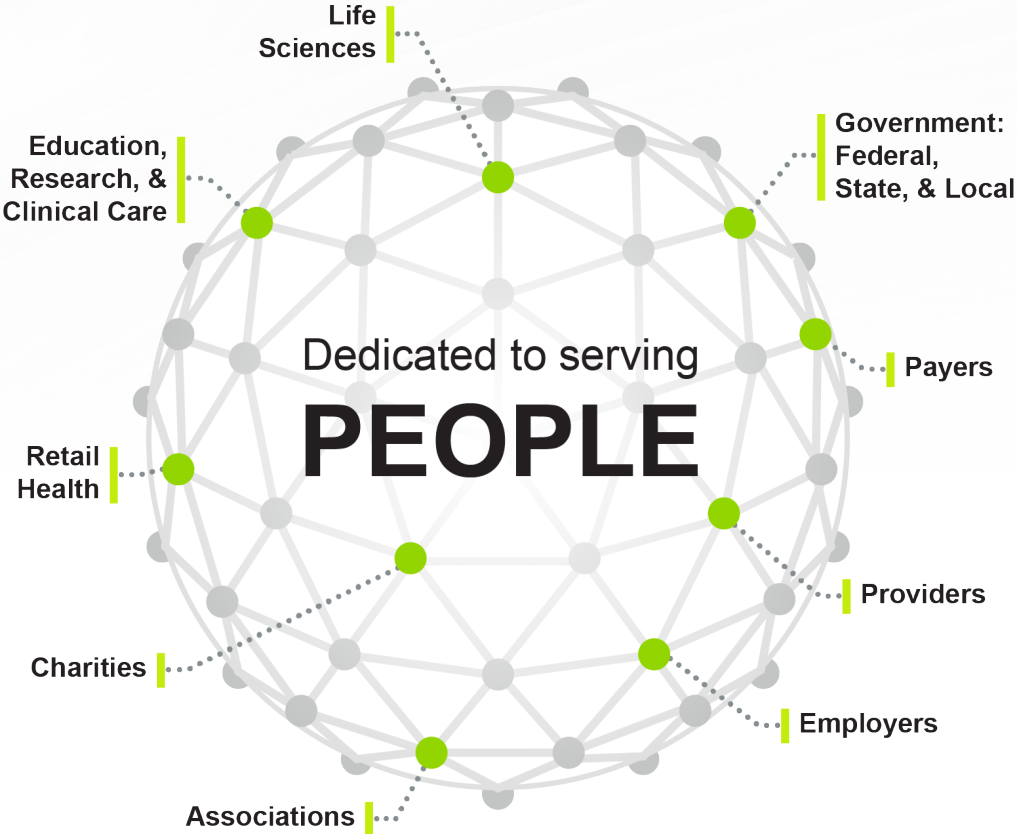
* Data Source: Definitive Healthcare

** Data Source: based on 2019 data from PharmExec

*** Data Source: 2019 S&P Global Platts Top 250 Global Energy Company Rankings®

Guidehouse Health

Who We Serve



Clients include:

