

The 340B Drug Pricing Program is a complex federal program that is intended to provide financial relief to hospitals that provide care to greater volumes of low-income, uninsured, and underinsured patients. The body of literature is growing on how cancer care has transformed since freestanding cancer hospitals became eligible for the 340B program. Currently, community oncology practices are not eligible for the 340B program.

#### AT A GLANCE

- The 340B Drug Pricing Program extends discounts on prescription medications delivered in the outpatient setting to eligible healthcare organizations.
- The downstream effects of 340B expansion to an increasing number of hospitals include vertical integration, increased costs of biosimilars, and increasingly restrictive budgets in ineligible community-based practices.
- Nurses are integral in advocating for policies that address the needs of patients with cancer across practice settings, particularly in contexts where the most vulnerable and underserved populations receive care.

#### KEYWORDS

health policy; antineoplastic agents; outpatient clinics; oncology nursing

#### DIGITAL OBJECT IDENTIFIER

10.1188/19.CJON.217-219

# 340B Drug Pricing Program

The expansion and its effect on cancer care

Alex Fauer, BSN, RN, and Christopher R. Friese, PhD, RN, AOCN®, FAAN

The 340B Drug Pricing Program, established by the Public Health Service Act of 1992, allows eligible hospital institutions (i.e., covered entities) to purchase outpatient prescription drugs at discounted prices directly from manufacturers (Rand Corporation, 2014). Under the Patient Protection and Affordable Care Act, the 340B Drug Pricing Program expanded the number and types of covered entities to receive drug discounts, aiming to improve access to care for vulnerable patients, including low-income and uninsured patients (American Hospital Association, 2015). This expansion included freestanding cancer hospitals, critical access hospitals, rural referral centers, sole community hospitals, and hemophilia treatment centers as 340B covered entities (Medicare Payment Advisory Commission, 2015). In 2012, the average drug price for one year of cancer therapy surpassed \$100,000 (Kantarjian & Rajkumar, 2015). The 340B rebate is 13% of the actual manufacturer price (AMP) for generic drugs and, at most, 23.1% of the AMP for brand-name drugs (Rand Corporation, 2014).

Hospitals with 340B designation provide care to higher proportions of vulnerable and underserved populations than private practices (Kantarjian & Chapman, 2016). It is estimated that the proportion of low-income patients in 340B hospitals is about twice as large as in non-340B hospitals (Kantarjian & Chapman, 2016). The original mission of the 340B program—to expand drug savings to institutions

serving vulnerable populations—is being achieved, and it is appropriate for 340B hospitals to use their program savings to further provide care to low-income and underserved populations. However, the accessibility and delivery of cancer care changed dramatically when freestanding cancer hospitals were included under 340B eligibility, with a shift in cancer care toward hospital practices.

#### Impact on Cancer Care

Community oncology practices that are not eligible to participate in the 340B program have struggled to keep up with soaring prices of cancer drugs. Since 2008, 1,653 community oncology practices in the United States have closed, been acquired by hospital groups, or reported that they were struggling financially (Community Oncology Alliance, 2018). With 340B program eligibility, hospitals that acquired a community oncology practice would receive the freestanding cancer hospital drug discount for purchased cancer drugs. Community oncology clinicians, including physicians, nurses, and pharmacists, are affected by care shifting away from community practices and toward hospital-based settings. Studies have demonstrated evidence of the 340B drug pricing program's impact on cancer care, such as vertical integration, biosimilar price competition, and profit generation. Nurses are integral members of the interprofessional oncology care team and can better provide care when aware of the 340B Drug Pricing Program and its influence on cancer care delivery in the United States.