

Current Medicare Outpatient 340B Policy Works

Reversal would negatively impact seniors and most hospitals



Background: Medicare & Key 340B Program Facts

HRSA operates the 340B Program, which allows certain qualifying hospitals to purchase drugs used in an outpatient hospital setting from manufacturers at steep discounts – **34%** below average sales price (ASP) on average (MedPAC Report to Congress, March 2016).

The Medicare Outpatient Prospective Payment System (OPPS) pays for outpatient hospital services and pays separately for certain Part B drugs when administered during an outpatient hospital visit.

Medicare traditionally paid significantly more for these Part B drugs than what it cost 340B Program hospitals to acquire them, with the 340B hospital keeping the differential.

In the CY 2018 OPPS final rule, CMS better aligned Medicare payments and beneficiary copays for certain 340B drugs with hospitals' lower cost of acquiring these drugs through the 340B Program.

This budget-neutral alignment resulted in CMS redistributing **\$1.6 billion** in Medicare payments, thus increasing payments for **all** non-drug OPPS services for **all** hospitals by **3.2%**.

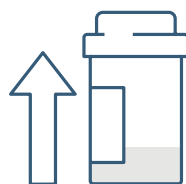
This policy also lowers the beneficiary Medicare copay amount for drugs purchased through the 340B program – thus providing a direct benefit to patients.

The Medicare OPPS 340B drug payment policy **does not** impact the discounted amount that hospitals pay to drug manufacturers to acquire the drugs nor does it harm their participation in the 340B Program.

 **\$1.6 BILLION**
REDISTRIBUTED TO ALL OPPS HOSPITALS FOR NON-DRUG SERVICES

Impact of Reversing Medicare's OPPS 340B Drug Payment Policy on...

Seniors



SENIORS WOULD SEE A
37% INCREASE
IN MEDICARE COPAYS FOR 340B DRUGS

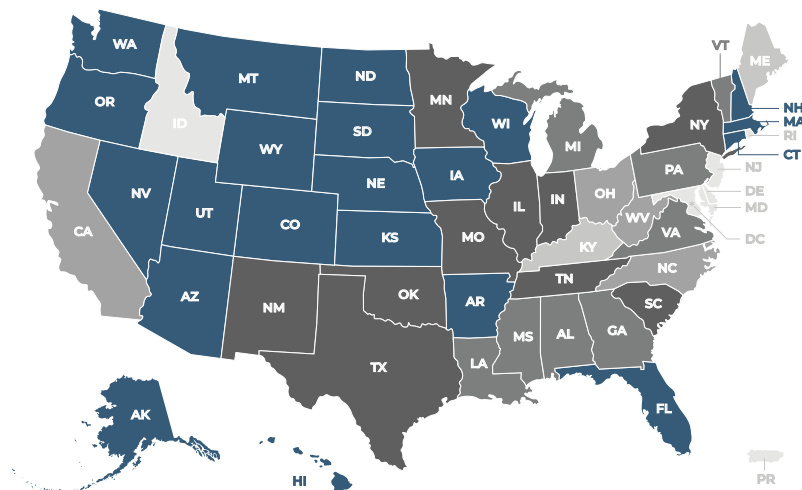
Seniors would see a **37% increase** in Medicare copays for 340B drugs while seeking care in 340B hospitals (approximately **\$473 million** in 2021).

The current policy passes savings on to the patient by ensuring that seniors benefit from better alignment of payment to costs for drugs purchased under the 340B Program.

Rural Communities

89% OF RURAL OPPS HOSPITALS WOULD SEE NET DECREASES IN TOTAL OPPS PAYMENTS

- 100% of sole community hospitals
- 77% of rural 340B OPPS hospitals
- 100% of rural OPPS hospitals in 21 states



SHARE OF RURAL HOSPITALS WITH DECREASED NET TOTAL OPPS PAYMENTS

0% 60-69% 70-79% 80-89% 90-99% 100%

82% of **all** OPPS hospitals would see net decreases in total OPPS payments.

- 80% of urban OPPS hospitals
- 49% of all 340B OPPS hospitals