

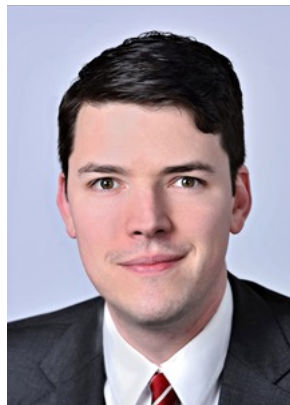


advocacy
CHATS

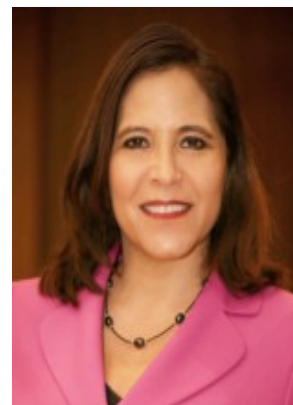
How 340B in Big Health Systems is Hurting Patients



Ted Okon
Executive Director
Community Oncology
Alliance



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Managing Director of Policy, Advocacy,
& Communications
Community Oncology Alliance



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Director of Patient Advocacy
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Community Oncology Alliance

Today's Chat Agenda

- **Updates: Community Oncology Alliance (COA) and COA's Patient Advocacy Network (CPAN)**
- **Overview of the 340B Drug Pricing Program**
 - How does this force community oncology practices out of business
 - Latest data on hospital use of the program
 - How can we fix this program

Learn more:

COA's Patient Advocacy Network: www.coaAdvocacy.org
Community Oncology Alliance: www.communityoncology.org

CPAN Advocacy Chat

How 340B in Big Health Systems is Hurting Patients

Ted Okon, Executive Director
Nick Ferreyros, Managing Director
October 12, 2022



340B Drug Discount Program: A Good Idea Gone Bad



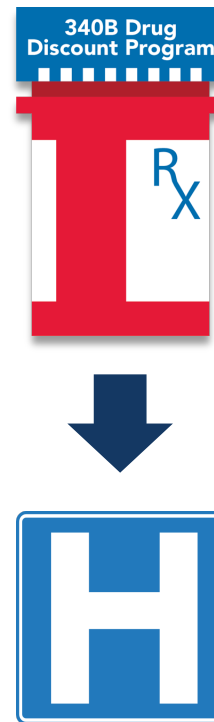
- **340B is a CRITICAL safety net program, especially for patients with cancer who are uninsured or underinsured**
- Provides up to 60% drug discounts to health care organizations that are *supposed* to treat high numbers of poor/indigent and uninsured patients.
- Hospitals and select community and disease-specific health clinics that are supposed to care for high numbers of uninsured, poor, or vulnerable patients can participate in the 340B program.
 - Community health centers
 - Hemophilia treatment centers
 - Black lung clinics
 - AIDS clinics
 - “Non-profit” hospitals



340B Drug Discount Program: A Good Idea Gone Bad

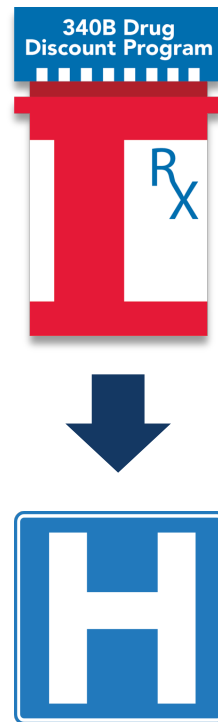


- **340B is hurting the cancer care system, costing us all a lot of money, threatening stability of important 340B program.**
- Some big hospitals and health systems have been abusing the 340B program for profit they can make from marking up discounted drugs sold to patients.
 - 340B has become a virtual multi-billion-dollar printing press
- The program has expanded from a handful of safety net providers to 50+% of all U.S. hospitals
 - 14% of the total U.S. pharmaceutical market in 2021.
 - One estimate is that 340B will be the largest federal drug program, surpassing both Medicare and Medicaid drug programs by 2026.
 - 340B generated \$40 billion in profits for participants. But are patients truly benefiting?



How Did 340B Go Bad? Big Hospital Greed

- Some big hospitals and health systems realized they could make huge profits.
 - Buying discount 340B drugs and selling to insured patients them at full price.
- Hospitals don't have to account for how they use 340B discounts or if they actually benefit patients.
 - Don't even have to pass on savings to patients!
 - Usually, hospital 340B discounts do not lower the cost of patient cancer treatment.
- Lack of transparency and accountability has caused program to explode in size, especially in hospitals.
 - Today, nearly half of all hospitals in the U.S. participate in 340B.



A Double Standard: Hospitals vs. Most 340B Facilities

- Community health centers and other “federal grantees” are not the problem; it is **big hospitals and health systems who are using 340B as a profit center without transparency or accountability.**

Most 340B Facilities

Community Health Centers
Hemophilia Treatment Centers
Black Lung Clinics

- Transparency and accountability
- Required to show 340B discounts help patients in need

340B “Non-Profit” Hospitals

- No transparency or accountability
- Do not have to show or prove 340B discounts help patients in need

340B is Exploding in Size, and Keeps on Growing



217%

growth in 340B sales over the last 5 years

340B DRUG PRICING PROGRAM, PURCHASES BY COVERED ENTITIES

■ Purchases at discounted 340B prices ■ Value of 340B purchases at list prices



Source: Drug Channels Institute estimates based on data from Health Resources and Services Administration and IQVIA. Dollar figures in billions. Purchases exclude sales made directly to healthcare institutions by manufacturers and some sales by specialty distributors. Data for purchases at discounted prices show value of purchases at or below the discounted 340B ceiling prices.

Published on Drug Channels (www.drugchannels.net) on August 15, 2022.

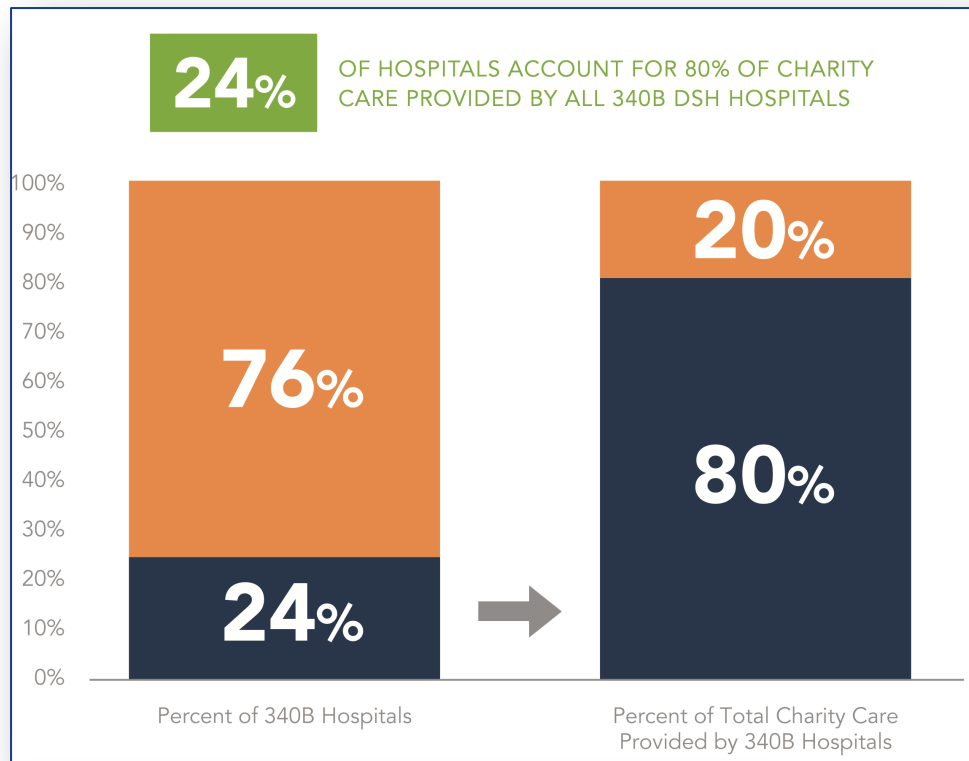


With 340B Today, Hospitals Win and Patients Lose

- Patients don't seem to be benefiting directly or indirectly from 340B in hospitals
 - 340B discounts increasing while hospital charity care is decreasing
 - Patients aren't getting 340B discounts at most 340B contract pharmacies
- Patients are paying excessive amounts for cancer drugs at 340B hospitals
 - Hospitals marking up drugs 5X
 - Excessive out-of-pocket expense for patients with/without insurance
- 340B hospitals motivated to acquire oncology practices
 - Smaller community sites, especially in rural areas, get closed
 - Creates access problems for cancer patients
- Excessive growth in scope and magnitude of 340B drug discounts get factored into drug launch prices
 - 340B is fueling drug prices/costs for cancer patients

Most 340B Hospitals Provide Very Little Charity Care

- Most 340B hospitals provide less charity care than average hospitals.
- Why are these hospitals receiving 340B drug discounts if they aren't providing charity care?



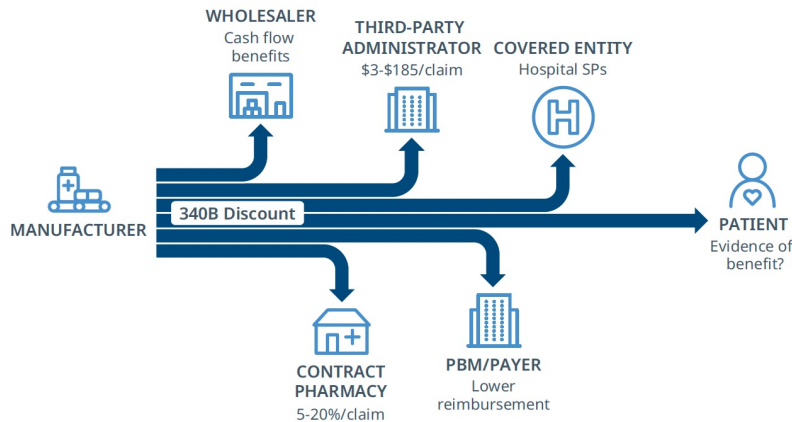
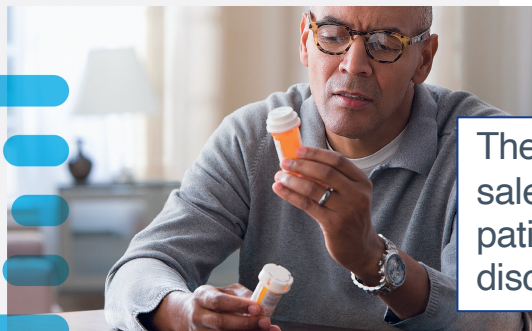
Are Patients Benefiting Directly from 340B?



White Paper

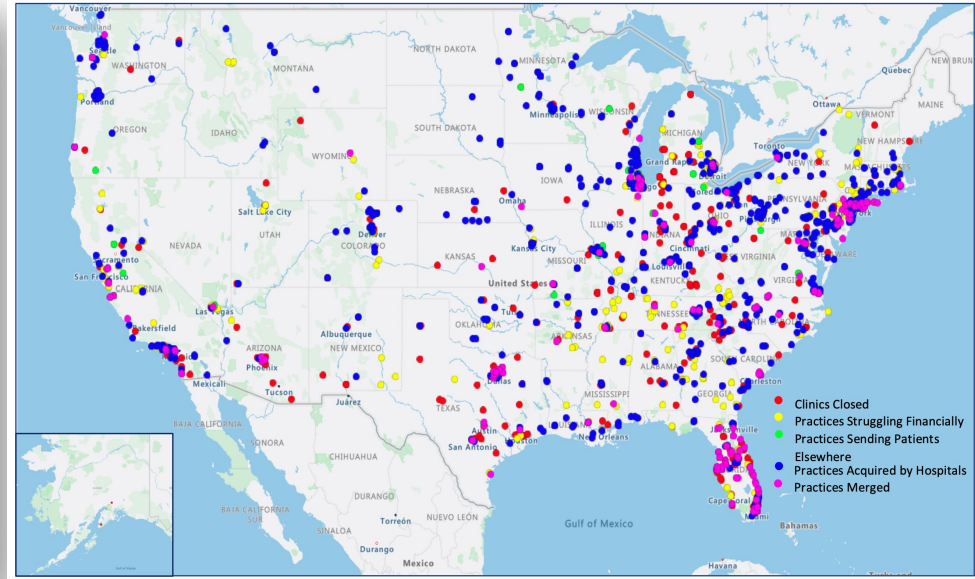
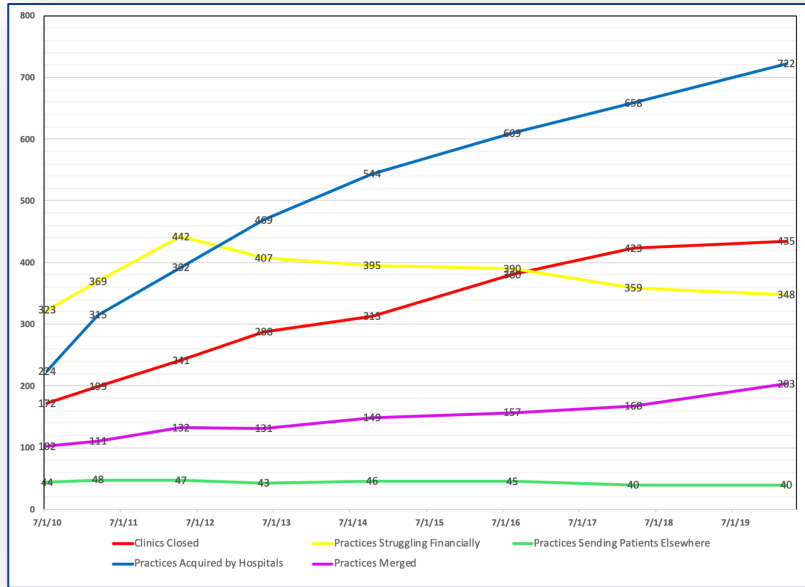
Are Discounts in the 340B Drug Discount Program Being Shared with Patients at Contract Pharmacies?

RORY MARTIN, PHD, IQVIA Market Access Center of Excellence
KEPLER ILLICH, MA, UC Davis School of Economics



These findings demonstrate that 340B discount sharing at the point of sale at contract pharmacies is possible, but that most 340B-eligible patients at contract pharmacies are not directly benefiting from 340B discounts.

340B Profits Fuel Hospitals Consolidation, Clinic Closures, and Less Patient Access



1,748 Community Oncology Clinics and/or Practices Have Closed, Been Acquired by Hospitals, Merged, or Reported Financial Struggles Since 2008

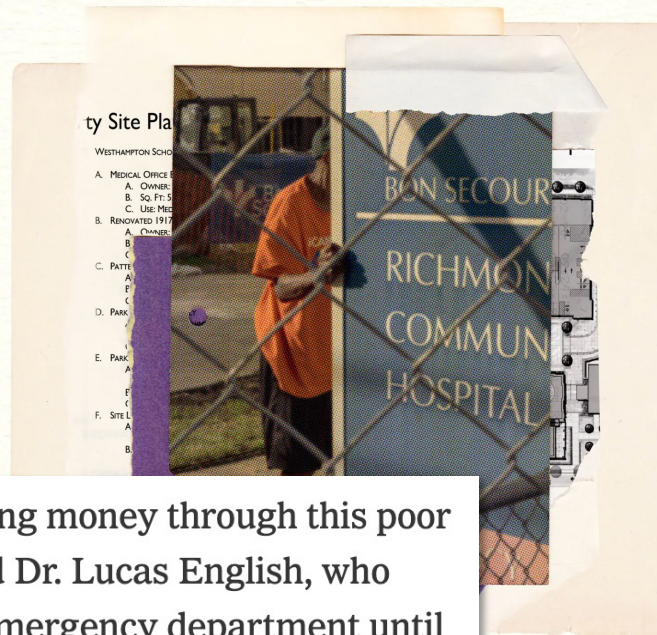
Source: Community Oncology Alliance, 2020 Practice Impact Report

340B Hospitals Behavior in the Media Crosshairs

PROFITS OVER PATIENTS

How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits

Bon Secours Mercy Health, a major nonprofit health system, used the poverty of Richmond Community Hospital's patients to tap into a lucrative federal drug program.



“Bon Secours was basically laundering money through this poor hospital to its wealthy outposts,” said Dr. Lucas English, who worked in Richmond Community’s emergency department until 2018. “It was all about profits.”

Creating a 340B Hospital Firestorm

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How Bon Secours allegedly exploited a government drug program for profit

Eric Kolenich, Michael Martz Sep 27, 2022



LOCAL NEWS

Virginia senator calls NYT investigation troubling: 'Bon Secours needs to have an answer'



The New York Times investigation alleges Bon Secours is failing to use the savings to help underserved populations, putting new scrutiny on the program.

By: Melissa Hipolit

Posted at 8:56 PM, Sep 26, 2022 and last updated 4:18 AM, Sep 28, 2022

RICHMOND, Va. — Senator Tim Kaine (D - Virginia) said the federal program at the center of a [New York Times investigation](#) featuring Richmond Community Hospital is "an absolutely critical program," and

Richmond Mayor Stoney Asks U.S. Health Secretary to Investigate Loopholes in Low-Income Drug Pricing for Hospitals

September 28, 2022 Eric Burk



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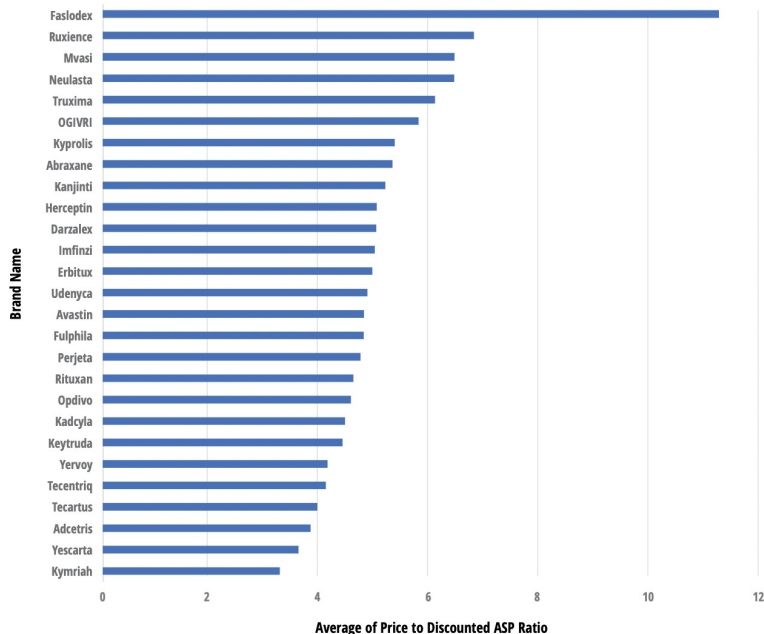
The app features breaking news alerts, live video, weather radar, traffic incidents, closings and delays and more.

CBS 6 News App for Android

CBS 6 News App for iPhone

340B Hospital Drug Markups – COA Study 2.0 Findings

Exhibit 3. Average 340B Hospital Markup vs. 340B Hospital Discounted Acquisition Cost



340B hospitals' own self-reported pricing data reveals that they price the top oncology drugs at **4.9 times their 340B acquisition costs**, assuming a 34.7 percent discount, which is a conservative estimate.

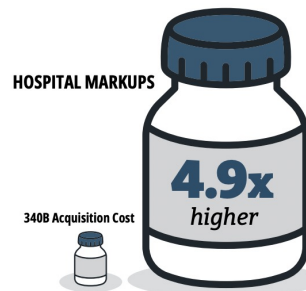


Exhibit 5.

Herceptin Markups Across Settings and Payers

(one year of therapy)



Community Practice or non-340B Hospital Treating a Medicare Patient

Purchased for	\$66,107
Reimbursed at	\$70,073
Margin	\$3,966

340B Hospital Treating a Medicare Patient

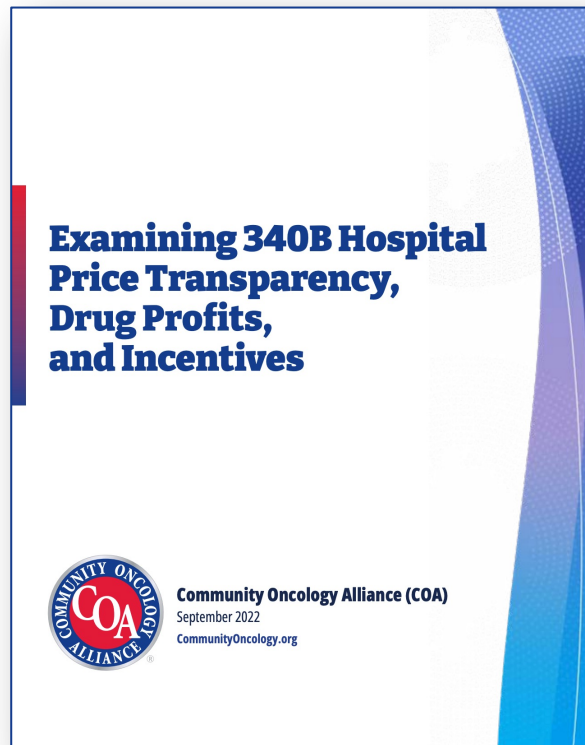
Purchased for	\$43,168
Reimbursed at	\$70,073
Margin	\$26,905

340B Hospital Treating a Commercial Patient

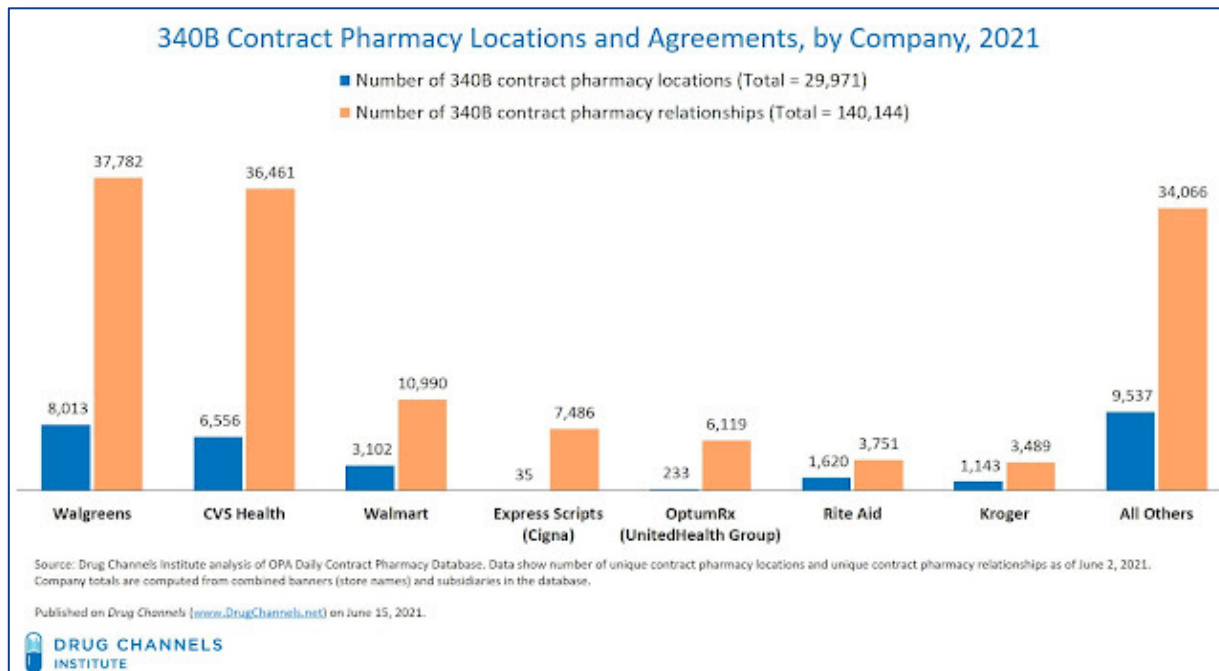
Purchased for	\$43,168
Insurer Charged	\$217,122
Margin	\$173,954

340B Hospital Drug Markups – COA Study 2.0 Findings

1. 340B hospital make huge profits selling cancer drugs purchased at a discount to patients with commercial (employer sponsored) insurance
2. There is a wide variation in prices charged for cancer drugs between 340B hospitals, and even between different payers/insurers within the same hospital
3. 340B hospitals remain slow to adopt lower-priced biosimilars
4. **Cash paying or uninsured patients at 340B hospitals do not receive drug discounts!!!**



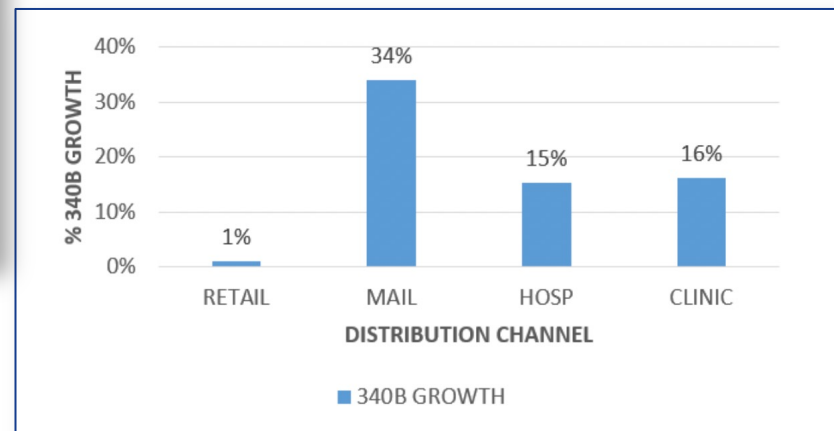
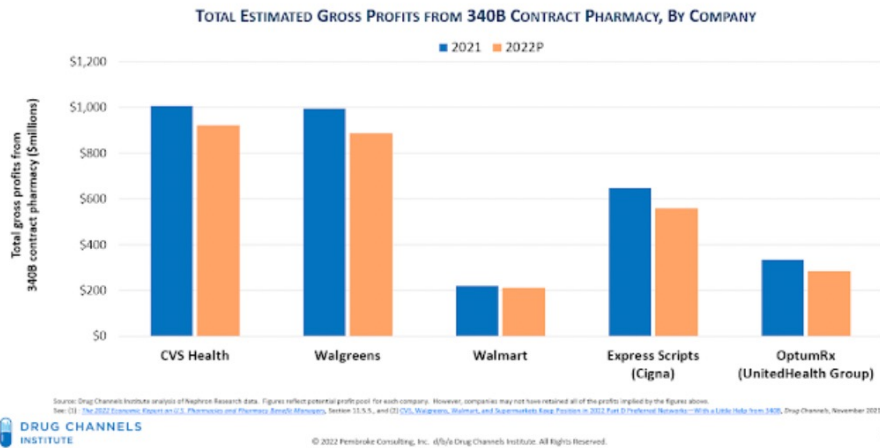
Pharmacy Benefit Managers (PBMs) Are Now Major Players in 340B



Top 3 PBM non-retail pharmacies now account for 18% of 340B pharmacy relationships (Source: [Drug Channels](https://www.drugchannels.net))

PBMs Making Huge Profits on 340B

340B Pharmacy Profits



Source: <https://www.iqvia.com/locations/united-states/blogs/2022/04/340b-program-continues-to-grow-while-contract-pharmacy-restrictions-take-effect>

Implications of PBMs' Intrusion in 340B

- Ask yourselves why insurers and their PBMs want to white bag injectables and fill orals from their specialty/mail order pharmacies?
 - *Because they are 340B contract pharmacies!*
 - And there is no oversight of contract pharmacies in terms of what they can and can't do
- Ultimately, the PBM/insurer complex wants to control what treatment is provided and who provides it and where!

Moreover, Specialist agrees, with respect to all chronic biotherapies administered in Specialist's office to Members, to order the necessary specialty medications from a Participating specialty pharmacy provider. With respect to Members diagnosed with either Crohn's Disease or Immunodeficiency Syndrome or Infused Medications for Psoriasis and needing specialty medications for their conditions, Specialist shall in accordance with a Member's plan and unless prohibited by law, coordinate with Member's Participating specialty pharmacy provider to transition the drug and service authorization, drug distribution, **clinical oversight** and billing management of the specialty medications treating these conditions to the participating specialty pharmacy.

With 340B Today, Hospitals Win and Patients Lose

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Thanks!



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Thank You to Ted Okon, Nicolas Ferreyros, & Our Listeners!

Don't miss our next advocacy chat

Wednesday, November 9th at 12:00 pm ET

How Cancer Rehabilitation Benefits Patients



**Alaina Newell, PT, DPT
Director of Education
ReVital Cancer Rehabilitation**