

# AMA: Fix hospital eligibility criteria for drug-discount program

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A new policy aimed at promoting access to affordable prescription drugs by low-income patients receiving care from the federal 340B program was adopted by the AMA House of Delegates at the 2018 AMA Interim Meeting in National Harbor, Maryland.

The 340B program requires pharmaceutical manufacturers to sell outpatient prescription medications at a discount to six types of hospitals with three types of ownership scenarios. These “covered entities” include disproportionate-share hospitals, children’s hospitals, certain cancer hospitals, critical access hospitals and other safety-net or remote institutions.

The number of participating unique covered entities has grown from 3,200 in 2011 to 12,722 in October 2017, according to research cited in an AMA Board of Trustees (BOT) report. The number of hospitals participating rose from 591 in 2005 to 2,479 in October 2017.

Delegates adopted policy to "support a revised 340B drug-discount program covered-entity eligibility formula, which appropriately captures the level of outpatient charity care provided by hospitals, as well as stand-alone community practices."

The HOD also directed the AMA to "confer with national medical specialty societies on providing policymakers with specific recommended covered entity criteria for the 340B drug-discount program."

The new policy aligns with existing AMA policy adopted at the HOD’s 2018 AMA Annual Meeting that calls for transparency on what percentage of an institution’s 340B savings is used to directly provide care for underinsured and other low-income patients.

The BOT report highlights the urgency for reforms and the need to provide policymakers with guidance. The Affordable Care Act significantly expanded the program and this has had unintended consequences, such as giving 340B hospitals further incentive to acquire independent physician practices. Congress is taking a serious look at 340B reform and 17 bills have been introduced concerning the program, the report notes.



The 340B program is run by the Department of Health and Human Services' Health Resources and Services Administration.