OPCA
Oregon Primary Care Association

Brief Guide to 340B

Health Center Primary Funding

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2 — Federal Funds

3 — Grants

340B 101

In 1992, Congress established the 340B Drug Pricing Program to encourage pharmaceutical manufacturers to provide discounted prescription drug prices to eligible healthcare facilities (covered entities). Covered entities are eligible for discounted medications through their own in-house pharmacies or through contractual agreements with external pharmacies in their communities.

Contract Pharmacies

Contract pharmacies are essential to the 340B program. They play a critical role in expanding patient access to affordable, life-saving medications by providing pharmacy services and dispensing discounted drugs to eligible patients on behalf of covered entities, including Federally Qualified Health Centers (FQHCs). Contracting with these community pharmacies enables health centers to provide accessible, life-saving treatments to all their patients, including those in remote or underserved areas.

Key Benefit to Health Centers

The 340B program allows health centers to purchase medications from manufacturers at a discounted rate. Further, health centers are able retain savings generated from the difference between the discounted purchase price and the amount reimbursed by insurance providers. Health centers receive those savings regardless of where the prescription is filed - in-house or an external pharmacy.

Key Benefit to Patients

The 340B program provides significant benefits to FQHC patients by ensuring they can access their medications at affordable prices. Additionally, FQHCs must reinvest all 340B savings into patient care, often utilizing these funds to support or expand programs and services that are not typically billable under Medicaid. Many health centers have leveraged 340B revenue to enhance dental services, provide additional coverage for Medicare enrollees, and initiate street outreach programs. The 340B program is a vital public health initiative.

FQHCs can retain and hire vital healthcare staff

FQHCs can expand healthcare services to meet their communities needs

Patients can access services that are not typically covered by Medicaid

Patients receive their prescriptions at a discounted rate