TENNESSEE PHARMACISTS ASSOCIATION

VOTE YES ON SB 1414/HB 1242

WHAT IS THE 340B DRUG PRICING PROGRAM?

- **Purpose:** Established in 1992, the 340B Program allows eligible healthcare providers, called "covered entities," to purchase outpatient drugs at discounted rates to stretch federal resources, increase access, and provide comprehensive care to the most vulnerable patients.
- **Savings Reinvestment:** These savings support patient care, improve access to affordable medications, and enhance healthcare services, including vital medication management services provided by pharmacists.

WHO PARTICIPATES IN THE 340B PROGRAM?

Nearly 700 healthcare providers in Tennessee participate in the 340B drug pricing program, including:

- Federally Qualified Health Centers (FQHCs)
- County Health Departments
- Ryan White HIV/AIDS Program grantees
- Sole Community Hospitals (SCHs), Rural Referral Centers (RRCs), Children's Hospitals, and other safety-net providers

THE PROBLEM: CHALLENGES FACING 340B PROGRAM

Restrictions by Drug Manufacturers: Since 2020, major drug companies have restricted the shipment of 340B-priced drugs to contract pharmacies, limiting patient options, and threatening access to affordable medications.

Financial Burden: Some manufacturers are pushing to shift the program to an upfront cost-reimbursement model, which would burden providers with limited budgets and harm their ability to serve patients.

HOW WILL SB 1414/HB 1242 HELP?

- **Preserve Program Intent:** Drug manufacturers are distorting the intent of the 340B program by pocketing the savings for themselves, which jeopardizes the health of Tennesseans and the financial sustainability of safety net providers. Legislation will prohibit manufacturers from imposing conditions on a safety net provider's ability to access eligible drugs.
- **Protect Access for Patients:** Patients can't afford to wait on the Federal government to act. Immediate state action is necessary to maintain access to life-saving medications.
- **State Precedent:** Eight states, including Arkansas, Louisiana, Mississippi, Missouri, and West Virginia have passed legislation to protect 340B. In states with legal protections, courts have upheld the legislation, and manufacturers have lifted restrictions.

SB 1414/HB 1242 will protect the safety net by preventing drug manufacturers from refusing to deliver eligible medications and prescribed therapies through a covered entity's contract pharmacies.

By removing unwieldy restrictions on the 340B pricing program, patients can better receive the care and medications they need, resulting in a healthier population and lower healthcare costs for the state.