

# The 340B Program is Falling Dangerously Short of Its Mission

## Here's How ASAP 340B's Policy Principles Will Save It



Some recipients of 340B discounts are abusing the lack of clarity in the 340B program, taking advantage of vulnerable communities, and jeopardizing the program's ability to help those it was intended to serve. ASAP 340B's **10 Policy Principles** are designed to help true safety-net providers increase access to affordable health care services and medications that should be available and easily accessible for all underserved communities.



### The Expectation

340B savings should benefit underserved patient communities and their providers.

As any 340B hospital's footprint expands in the community, the amount of charity care should also increase because it is serving Medicaid and uninsured patients that generate high amounts of uncompensated care.

340B health care providers should prioritize affordable care for underserved patients over profits.



### The Problem

While Community Health Centers and safety-net clinics reinvest income they get from the 340B program back into patient care, as required by federal law, other 340B recipients are allowed to spend their 340B profits in ways that don't benefit patients.

Some 340B hospitals register smaller facilities and speciality practices (also known as "child sites") in areas with more privately insured patients so that those sites can also qualify for 340B discounts. As the hospital expands their 340B eligibility, they are often reducing services at the original location serving vulnerable communities.

Not only do some hospitals fail to pass 340B savings along to patients, but they also use aggressive debt collection practices, disproportionately penalizing low-income patients.



### Examples

University of Miami's UHealth system, which participates in 340B, used revenue from their health system to help pay the salary of the University of Miami football coach. [USA Today](#)

The Cleveland Clinic has dozens of sites registered for 340B drug discounts located outside its home neighborhood. Almost all are located in areas with higher rates of private insurance and higher household income than the flagship campus. [Wall Street Journal](#)

Bon Secours Mercy Health, a large hospital system, bought Richmond Community Hospital, a 340B hospital located in a community that serves vulnerable patients. Bon Secours then registered many child sites of Richmond Community Hospital, and reinvested the 340B savings to expand services at the sites in wealthier areas, while reducing services at the original 340B eligible site. [New York Times](#)

University of Arkansas Medical Sciences sued many patients, including employees, for medical debts, often of small amounts, adding significant fees and wage garnishments. [CNN](#)

Allina Health in Minnesota and Wisconsin restricted care for patients, including children and the chronically ill, due to unpaid bills. [New York Times](#)



### Solution

ASAP 340B's Policy Principles would ensure that hospitals are held to the same standard as federal grantees that are required to provide affordable and accessible health care to vulnerable patients. With more built-in transparency in the 340B program, all covered entities will have to report on how they use their 340B savings and the communities they serve.

ASAP 340B's Policy Principles would create statutory requirements to ensure the entire hospital system is held to the same 340B requirements and reinvesting 340B savings back into programs like charity care to increase access for underserved communities.

New eligibility criteria are needed to ensure support for true safety-net providers by using quantitative metrics to appropriately identify facilities treating a disproportionately large share of low-income patients on an outpatient basis and conditioning program participation on hospitals refraining from aggressive debt collection practices.