

AHA Issues New Report Showing How Drug Companies' Unlawful Actions on 340B are Harming Hospitals and Patients

On Nov. 14, the American Hospital Association issued a new [report](#) showing how pharmaceutical companies' actions to unlawfully deny discounts at 340B hospitals' community contract pharmacies have taken a major toll on hospitals and the patients they serve, particularly small critical access hospitals (CAHs).

Since early 2020, a growing number of pharmaceutical companies have decided to deny 340B discounts for 340B drugs dispensed at community pharmacies that contract with hospitals to fill prescriptions for their patients. While both the previous Trump administration and current Biden administration have warned drug companies these actions are unlawful, with the Biden Administration [going so far as to enforce civil monetary penalties against drug companies](#) denying these discounts, the pharmaceutical companies have used litigation to block these actions for the time being.

The report by the AHA highlights how these actions have served to grow pharmaceutical companies' bottom line at the expense of hospitals and the patients they serve. According to the report:

- The average CAH that participates in the 340B program reported annual losses of more than \$500K due to these actions by drug companies.
- The average disproportionate share hospital (DSH) reported annual losses of nearly \$3 million.
- On average, CAHs reported 44% of their total 340B savings come from community and specialty pharmacies they contract with. Some even reported this represents their entire 340B savings.
- More than 10% of respondents to AHA's survey reported annual losses of \$10 million or more due to these actions.

WHA [continues to advocate on behalf of its 340B hospitals](#) about the harm these actions by drug companies are having. Since hospitals use the savings from the 340B savings to stretch scarce federal resources as far as possible, losing these savings harms the communities these hospitals serve. For instance, hospitals have used 340B savings to fund a host of service lines that otherwise lose money and that hospitals would be unable to offer, including free or low-cost dental or medical care, expanding access to behavioral health services, operating remote dispensing sites to help patients in rural communities get local access to prescription medications without having to drive long distances, and other important initiatives that improve health in the surrounding communities hospitals serve.

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