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Contact: Peggy.Tighe@PowersLaw.com

White House Executive Orders Undermine 340B Program

Washington, D.C. – Shannon Stephenson, president of RWC-340B, said, “The White House Executive Orders related to 340B set a very dangerous precedent at the worst time, when safety net providers are working hard to protect their communities against the pandemic.” Stephenson added, “We are united with our fellow 340B safety net providers in opposition to these Executive Orders.”

The first Executive Order would effectively set the price for insulin and injectable epinephrine for those drugs delivered by Federally Qualified Health Centers (FQHCs) participating in the 340B drug discount program. The third Executive Order doesn’t mention 340B by name but could undermine the benefit of the program by not letting safety net hospitals and clinics keep the discounts that Congress intended to give them.

Stephenson said, “Both Executive Orders have laudable overall goals – to lower drug prices for patients; however, neither approach would deliver the desired impact. Instead, they could hurt the very people the orders are trying to help.”

The Executive Order related to FQHCs participating in 340B would condition receipt of FQHC grant funding on new financial requirements for two drugs for certain patient groups. Those patient groups are loosely defined as those who have high cost sharing for these drugs, a high unmet deductible, or no health insurance. FQHCs, Ryan White clinics, and other grantees in the 340B program already pass 340B drug discounts onto patients based on careful financial assessments and the needs of their patients, not on a federal mandate giving preference of certain classes of drugs or patients over others. Furthermore, the order would contravene current law that legally prohibits FQHCs from providing discounts to entities that can pay the full fee schedule price.

Stephenson said, “The ‘genius’ behind the 340B program is that it gives safety net providers the freedom and flexibility to understand our community needs so that we, not the federal government, can best determine what our communities need.”

RWC340B has long argued against the faulty logic that the 340B program should be turned into a direct discount program to patients. Stephenson said, “This idea sounds patient-friendly, but it is definitely not.” She adds, “340B allows safety net providers to generate both savings and revenue to underwrite the cost of care for the uninsured, underinsured, and other vulnerable populations.” She notes, “such changes to the structure of the 340B program – drug by drug or patient by patient – will throw the doors wide open for unnecessary and risky federal government tinkering with a program that has served our patients and communities well for nearly 30 years.”

Ryan White Clinics for 340B Access (RWC-340B) is a national organization of HIV/AIDS health care providers that receive funding under the Ryan White CARE Act and participate as “covered entities” in the federal 340B drug discount program (340B Program).