

Lower Prices, Higher Savings: Expand Your Safety Net with 340B Drug Pricing

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Health care reform expanded the number of covered entities eligible to participate in the 340B Drug Pricing Program, which requires drug manufacturers to provide outpatient drugs to covered entities, such as disproportionate share hospitals, at reduced prices. On average, prices can be 25 percent to 50 percent below the average wholesale price.

Maximizing the economic benefits of the 340B Drug Pricing Program improves covered entities' ability to support their community, serve more patients and provide more services. Working with the right pharmacy benefit management partner, such as MedImpact HealthCare Systems Inc., recently endorsed by the Texas Hospital Association, can help hospitals improve 340B claims capture and yield to maximize economic benefits.

Reform Increases Program Scope

With the passage of health care reform, four additional hospital types now can participate in the 340B Drug Pricing Program: free-standing cancer centers, critical access hospitals, sole community hospitals and rural referral centers. On Sept. 1, 2009, children's hospitals became eligible, although they are listed as new covered entities in the health care reform law. Since the enactment of reform legislation in 2010, 340B enrollment has grown to more than 15,000 covered entities and is expected to grow almost 25 percent to 18,513 by 2013, according to the U.S. Office of Pharmacy Affairs.

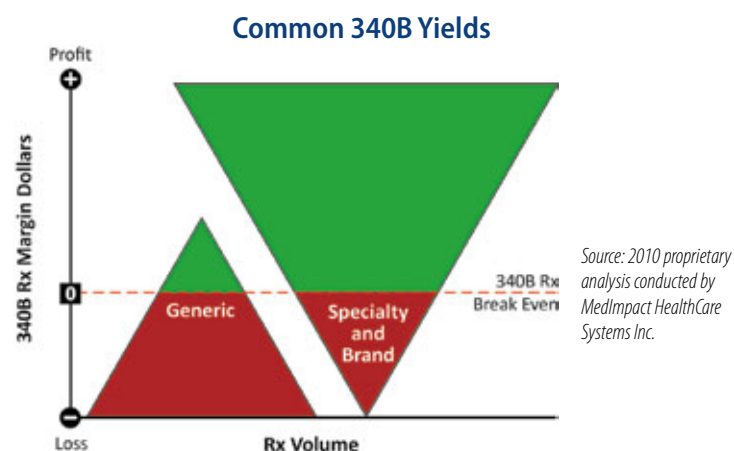
New guidelines now are in place to give 340B-covered entities the flexibility to offer patients expanded access and convenience to the drugs they need. Covered entities have the option to partner with more than one contracted community pharmacy. Partnering with community pharmacies improves 340B prescription capture rates, thereby increasing economic benefits. In the first nine months of health care reform, the number of contract pharmacies grew 150 percent to 6,400 and is expected to grow to more than 10,500 pharmacies by 2013, according to OPA.

The contracted pharmacy process needs to be seamless to the patient and the pharmacy. A 340B prescription should operationally look like any other customer prescription. Working with a pharmacy benefit management partner that has experience in 340B network development, management and quality assurance can significantly improve patients' experience at the point of dispensing. Professional pharmacy network management also ensures compliance with federal guidelines and statutes governing the program.

Whether a hospital has an onsite pharmacy or uses contract pharmacies, proactively promoting its preferred pharmacies will significantly improve 340B prescription capture and claim yield. To realize these objectives, the pharmacy benefit management partner should help develop patient, physician and pharmacy communication tools and drug benefit plan designs that provide incentives for patients to use preferred pharmacies.

Maximizing Economic Benefits

Covered entities have the ability to negotiate below 340B prices with drug manufacturers. Not all 340B drug prices are better than network reimbursement rates, maximum allowable cost for generics or usual and customary prices. For example, the majority of generic drugs are priced lower at maximum allowable cost rates than 340B rates.



To maximize the economic return from 340B pricing, it is advantageous to partner with a pharmacy benefit management partner that negotiates superior network reimbursement and maximum allowable cost rates for generic drugs. Pharmacy benefit management partners with information technology expertise have the ability to price each prescription drug claim at the lowest of each of these prices. Additionally, pharmacy benefit management partners with strong analytic support will quantify a hospital populations' prescription drug mix and pricing schedule to forecast the dollar value of using "lesser of" logic pricing.

For more information about MedImpact HealthCare Systems Inc., contact Jill Simoes at 858/790-3084 or jill.simoes@medimpact.com or go to www.medimpact.com. *