

# 340B Legislative Concept

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# What is an FQHC?

By law, every FQHC:

- 🎯 Primarily serves a medically underserved area or population
- 🎯 Turns no patient away, regardless of insurance, ability to pay. or where they were born
- 🎯 Offers a sliding fee scale
- 🎯 Is a non-profit or government entity that is community-based, and governed by its patients
- 🎯 Provides comprehensive services (either on-site or by arrangement with another provider), including:
  - Preventive health services
  - Dental services
  - Mental health and substance abuse services
  - Transportation services necessary for adequate patient care
  - Hospital and specialty care

# What is a 340B Covered Entity?

## “Federal Grantees”

**Federally Qualified Health Centers**

**Family Planning Clinics**

**Ryan White Clinics**

**STD Clinics**

**Urban Indian Organizations**

**Hemophilia Centers**

**Disproportionate Share Hospitals**

**Free-standing Children’s Hospitals**

**Free-standing Cancer Hospitals**

**Rural Referral Centers**

**Critical Access Hospitals**

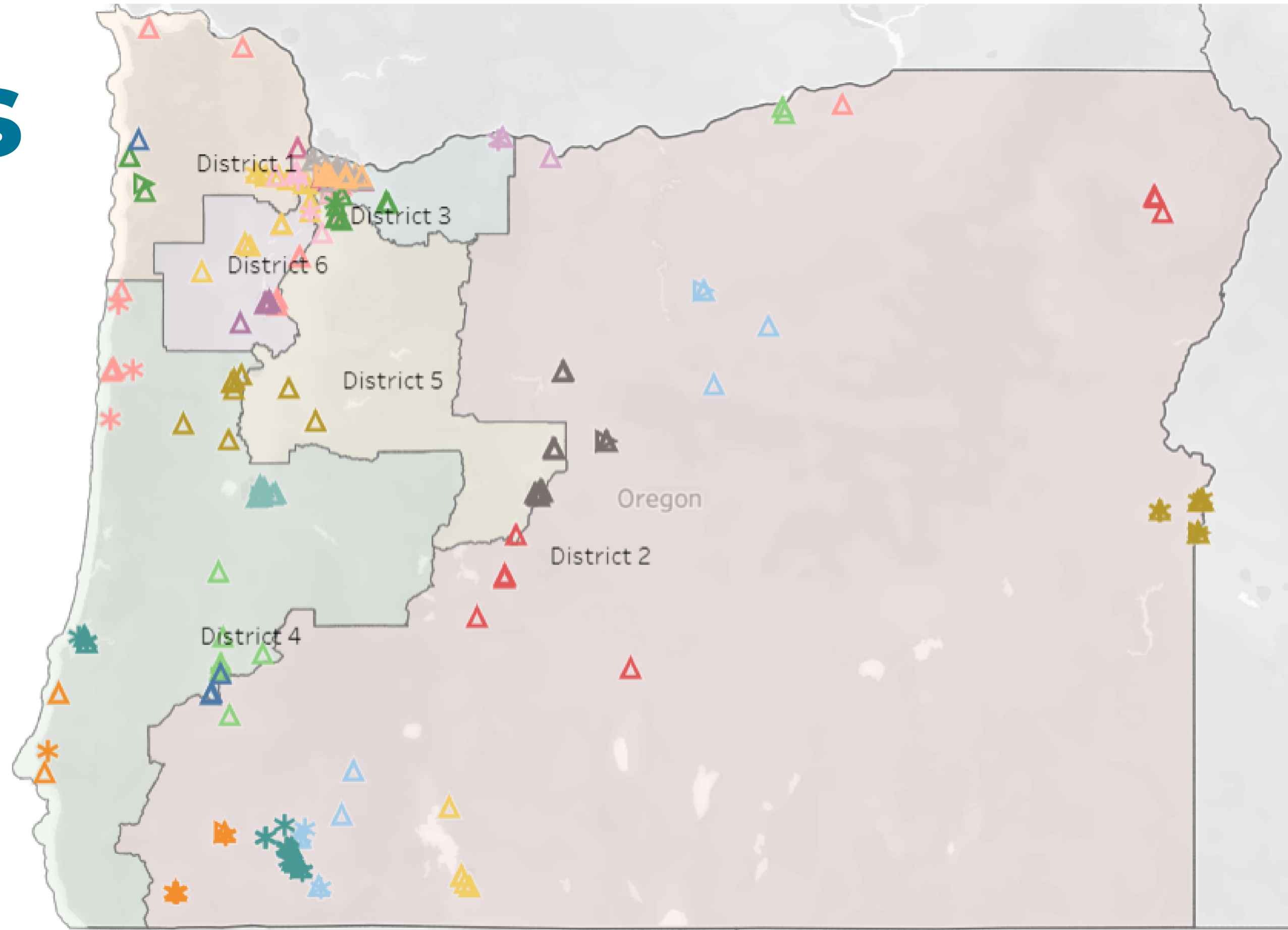
**Sole Community Hospitals**

Unlike other Covered Entities (CEs), Federal Grantees are required by law and regulation to:

- Focus services on underserved populations
- Invest all 340B savings into activities that expand access for underserved populations

# Oregon's FQHCs

- 34 Organizations
- 270 care delivery sites

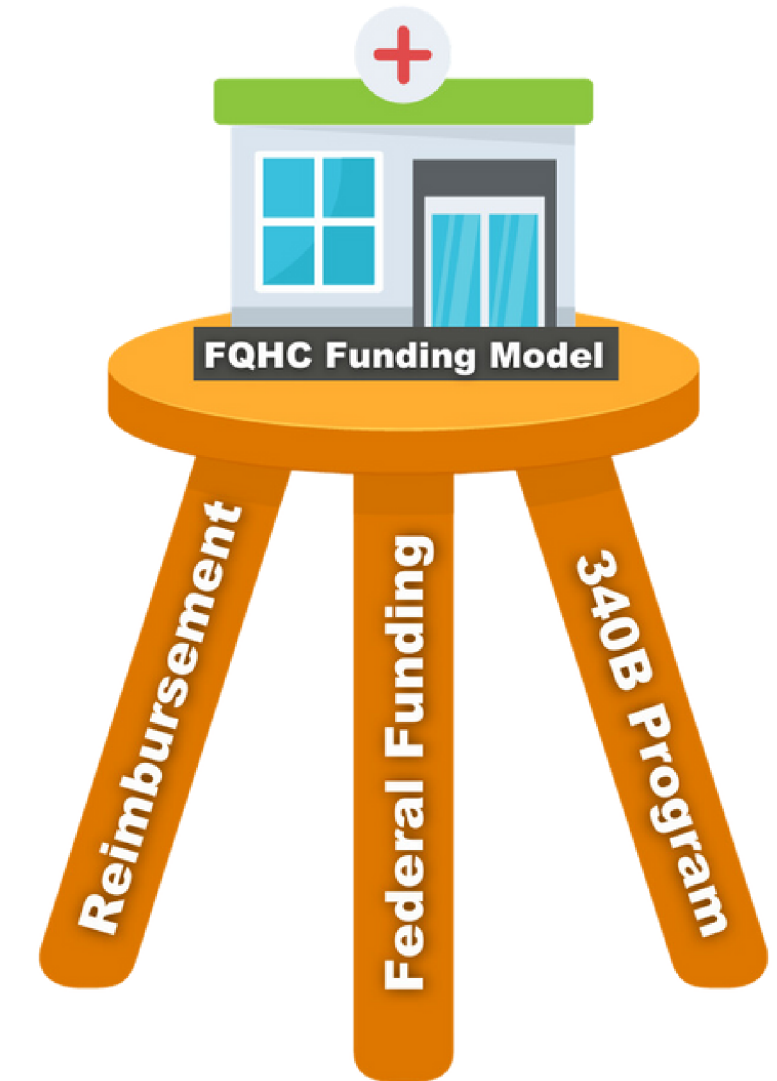




# Why does 340B matter to FQHCs?

FQHCs rely on three independently critical revenue streams

- The 340B Drug Pricing Program
- Federal funding
- Insurance reimbursement



# How 340B Supports FQHCs & other Covered Entities

Imagine a scenario where a drug's:

- Regular price is \$100
- PBM typically reimburses \$100
- 340B price is \$70
- Price for a sliding fee patient is \$20

Without 340B		
Sliding Fee Patient		
Drug Cost	\$100	<b>CHC loses \$80</b>
<u>Sliding Fee</u>	<u>\$20</u>	
Net Cost to CHC	\$80	
Insured Patient		
Drug Cost	\$100	<b>CHC breaks even</b>
<u>Insurance Pays</u>	<u>\$100</u>	
Net Cost	\$0	

With 340B		
Sliding Fee Patient		
Drug Cost	\$70	<b>CHC loses \$50</b>
<u>Sliding Fee</u>	<u>\$20</u>	
Net Cost to CHC	\$50	
Insured Patient		
Drug Cost	\$70	<b>CHC retains \$30 savings</b>
<u>Insurance Pays</u>	<u>\$100</u>	
Net Savings	\$30	

Federal Grantee CEs are required by law and regulation to: Invest all 340B savings into activities that expand access for underserved populations

# The Problem

In June 2020 pharmaceutical manufacturers began restricting distribution of 340B priced drugs to certain Covered Entities' contracted pharmacy partners.

Manufacturers' restrictions:

**limit the number of  
locations where  
patients can fill  
prescriptions**

**add hurdles for  
patients to  
access their  
medications**

**are defunding  
safety net clinics**





# Solutions



**Following Arkansas' lead, Louisiana was the second state to enact a law prohibiting manufacturers from obstructing the distribution of 340B-priced drugs to contract pharmacies.**

## Arkansas Act 1103

A manufacturer is prohibited from:

1. interfering with contractual relationships between Arkansas contract pharmacies and covered entities;
2. preventing the acquisition of 340B drugs by a contract pharmacy or preventing the delivery of 340B drugs to a contract pharmacy.

## Louisiana Act 358

A pharmaceutical manufacturer or distributor shall not:

1. deny, restrict, prohibit, or otherwise interfere with, either directly or indirectly, the acquisition of a 340B drug by, or delivery of a 340B drug to, a pharmacy that is under contract with a 340B entity and is authorized under such contract to receive and dispense 340B drugs on behalf of the covered entity
2. interfere with a pharmacy contracted with a 340B entity



# Solutions



## Legislative Concept Includes:

**Federally Qualified Health Centers**

**STD Clinics**

**Urban Indian Organizations**

**Ryan White Clinics**

**Sole Community Hospitals**

**Hemophilia Centers**

**Critical Access Hospitals**

**Family Planning Clinics**

## Legislative Concept Draft

- 1.A manufacturer or distributor shall not deny, restrict, prohibit, or otherwise interfere with, either directly or indirectly, the acquisition of a 340B drug by, or delivery of a 340B drug to, a pharmacy or drug outlet that is under contract with a 340B covered entity and is authorized under such contract to receive and dispense 340B drugs on behalf of the covered entity
- 2.This 2024 Act shall be enacted in the state of Oregon if, and only if, case 22-3675, Pharmaceutical Research and Mfrs of America v. Alan McClain, in the 8th Circuit Court of the United States, results in a favorable verdict for McCain

# Thank You

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