



Press Release

Primer: The 340B Drug Pricing Program

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In order for a manufacturer's drugs to be covered by Medicaid, the manufacturer must agree to participate in the [340B Drug Pricing Program](#) (340B). Under 340B, manufacturers provide discounts on outpatient drugs to eligible health care providers, who may then resell the drugs to patients or be reimbursed by payers at higher rates. In a new primer, Health Care Policy Analyst Jackson Hammond reviews the history of 340B and how the program functions.

Key points:

- *The stated intent of 340B, implemented in 1992 as a part of the Public Health Service Act, is to “stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”*
- *The program originated after the Medicaid Best Price rule had the unintended effect of dramatically reducing charity prescription drug donations.*
- *The 340B Program involves numerous parts of the U.S. health care system both directly and indirectly—and at a value of over \$38 billion a year, has become an integral part of the financial model for health systems across the country.*

[Read the analysis](#)