



## Press Release

# Primer: The 340B Drug Pricing Program

PAULINA ENCK | JUNE 16, 2022

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](#)