

New policy related to the 340B program

Oct 30, 2020

We firmly support the intent of the 340B program to serve vulnerable patients. However, the exponential growth of vast networks of contract pharmacies – which have no basis in law – has undermined the integrity of the program.

We have listened to stakeholders, and, after careful consideration, we are taking a focused approach based on common-sense criteria that will help ensure that the program benefits patients of covered entities, as intended. Our policy will continue to honor contract pharmacy arrangements so long as they are located within a 40-mile radius of the covered entity hospital, which is consistent with federal policy regarding hospitals and off-site affiliates.

Notably, our policy does not apply to federal grantee covered entities such as Ryan White clinics and community health centers, and patient access to medicines will not be compromised.

340B program reform is needed, and we look forward to continuing to work with Congress, the Department of Health and Human Services, and other stakeholders to ensure that the program operates within its intended framework and thereby address the long-standing concerns that threaten the sustainability of the program.

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