

The 340B Program Supports Kansans

Kansas hospitals play an essential role in the health care delivery system, are economic engines within communities, and foundational partners in a healthy workforce and healthy communities. The 122 Kansas community hospitals are committed to providing compassionate, high quality health care to all Kansans. While firm on that commitment, there are many challenges testing every hospitals' ability to maintain that promise. It is well documented that Kansas hospitals, especially those in rural areas, are financially struggling. A recent study by the Center for Healthcare Quality and Payment Reform suggests that more than 700 rural hospitals across the country are at risk of closure. Unfortunately, Kansas ranks second in the country with the number of at-risk hospitals (62), trailing Texas (80). The cause of the financial struggles is multi-faceted and includes soaring labor and supply costs, growing numbers of uninsured, stagnant reimbursement (that in many cases does not cover the hospitals' costs), and reductions in important programs such as the 340B Program.

The federal 340B Drug Pricing Program started in 1992 and requires drug manufacturers that participate in the Medicaid program to offer discounted drugs to certain hospitals and federally qualified health centers that see large numbers of uninsured and underinsured patients. For more than three decades, this program has enabled safety net providers, like hospitals, to purchase medications at a discount so they can stretch limited resources as far as possible, reaching more eligible patients and providing more comprehensive services in their communities. Hospitals in turn utilize the savings from the 340B program to provide access to services like maternity care in rural areas, mental health services and cancer treatment closer to home. In Kansas, there are more than 85 hospitals, mostly rural, participating in the 340B Program. This program is critical to providing health care access to vulnerable Kansans across our state. Unfortunately, drug manufacturers have recently started to decimate the 340B Program by limiting the number of contract pharmacies in which a hospital may contract. Most small rural hospitals do not have an in-house pharmacy and must contract with outside pharmacies to provide pharmacy services. The actions taken by drug manufacturers are jeopardizing the ability of Kansans to access needed prescriptions and other vital health services. These negative impacts are felt across our state.

Fortunately, Kansas lawmakers recognized the harmful actions of the drug manufacturers and have appropriately responded to put protections in place for Kansans to continue to access care and affordable medications through the 340B Program for the next two years. Kansas hospitals appreciate the actions taken during the 2024 legislative session by Governor Laura Kelly and the Kansas Legislature in supporting their local hospitals, federally qualified health centers, and independent pharmacies over the drug manufacturers. There also are ongoing federal efforts in play to protect the 340B Program into the future.

Without the 340B Program, many Kansas hospitals would have to drastically reduce or discontinue health care services offered in their communities. Savings from the 340B program enable hospitals to provide health programs and services like diabetes management programs, maternal health support, dialysis and chemotherapy closer to home, employer wellness programs and discount medication programs. Without those savings, these programs are at risk.

Keeping the 340B Program intact maintains access to needed care and affordable medications for our most vulnerable citizens, especially those residing in rural Kansas. Protecting the 340B Program is critical to the health of our state, workforce and economy.

About the Author: Chad Austin is the president and CEO of Kansas Hospital Association, a voluntary, non-profit organization existing to be the leading advocate and resource for members. KHA membership includes 237 member facilities, of which 121 are full-service, community hospitals. Founded in 1910, KHA's vision is: "Optimal Health for Kansans."

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