



HEALTH CARE AND HUMAN SERVICES POLICY, RESEARCH, AND CONSULTING - WITH REAL-WORLD PERSPECTIVE.

# Analysis of the Effectiveness of Title X Family Planning Providers' Use of the 340B Drug Pricing Program

*The Lewin Group*  
*The Guttmacher Institute*

# Today's Agenda

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- Purpose of the study
- Study methodology
- Overview of 340B and Prime Vendor Programs
- Study Findings:
  - ▶ Provider awareness of 340B and Prime Vendor programs
  - ▶ Provider use of 340B, Prime Vendor and other purchasing programs
  - ▶ Barriers to use
- Selected resources

# Study Purpose

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- To better understand Title X providers' use of the 340B and Prime Vendor programs

# Study Purpose: Research Questions

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- ▶ Provider awareness of 340B and Prime Vendor programs
- ▶ Provider use of 340B, Prime Vendor and other purchasing programs
- ▶ Barriers to use of these programs
- ▶ Relationship between purchasing programs and Medicaid
- ▶ Consequences of rising costs

# Study Methodology: Two phases of research

## ▶ Literature review and background research

### ■ Literature:

- Online resources
- Medpin manuals on administering pharmacy services
- Congressional Budget Office, Government Accountability Office and Office of Inspector General reports

### ■ Background research:

- Federal Staff: Headquarter staff at Office of Family Planning and the Office of Pharmacy Affairs at HRSA, regional office staff
- National representatives of provider associations
- Prime Vendor Staff

# Study Methodology

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- ▶ In-depth discussions with providers:
  - From every region
  - Urban, rural and mixed
  - With and without Medicaid waivers
  - Government agencies
  - Non-profits
  - PPFA affiliates
  - Different approaches to purchasing

## Background: 340B

- Created in 1992 through the Veterans Health Care Act, and codified in Section 340B of the Public Health Service Act
- Administered by the Office of Pharmacy Affairs within HRSA
- Requires that manufacturers provide outpatient drugs at discounts to eligible entities, including:
  - ▶ Title X family planning clinics
  - ▶ Federally Qualified Health Clinics
  - ▶ Hemophilia treatment centers
  - ▶ Ryan White programs
  - ▶ STD/TB programs
  - ▶ Urban/638 tribal programs
  - ▶ Certain disproportionate share hospitals
- Discounts come directly from drug manufacturers

## Background: 340B

- ▶ Entities must enroll with Office of Pharmacy Affairs to receive discounts
  - The registration form is available at <ftp://ftp.hrsa.gov/bphc/pdf/opa/FPPrgmReg.pdf>
  - Delegate agencies must register through their grantee organization
  - Entities are able to use the discount at the start of the next calendar quarter after the Office of Pharmacy Affairs receives the paperwork.

# Background: Prime Vendor

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## ■ Prime Vendor Program

- ▶ Created in 2004
- ▶ Leverages public health entities' collective purchasing power to secure sub-340B ceiling prices
- ▶ Licensed by Office of Pharmacy Affairs; operated by Apexus

# Background: 340B and Prime Vendor Use Limitations

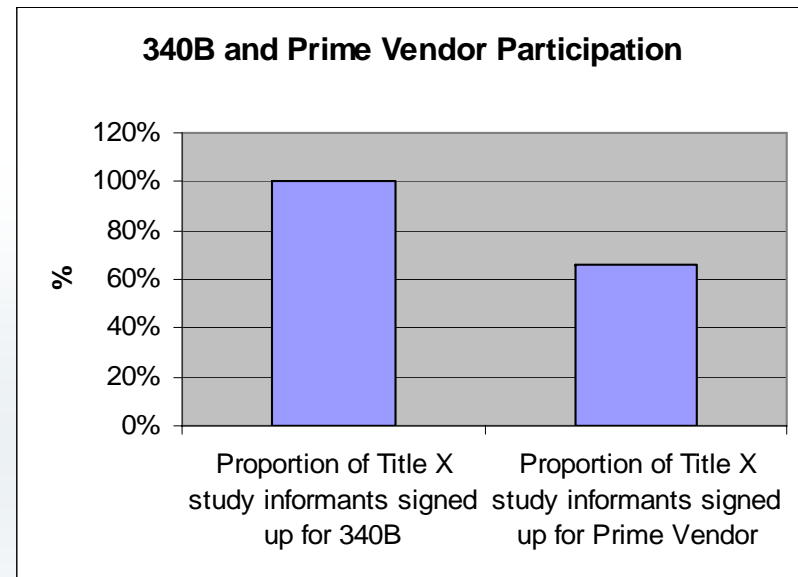
- Must avoid duplicate discounts
- Drugs purchased under 340B price may only be dispensed to designated patients:
  - ▶ Patient must be receiving health care from a health care provider employed by or contracted to the entity
  - ▶ Entity must maintain health records for the patient
  - ▶ If entity only dispenses drugs to an individual without providing health care, those drugs may not be purchased under 340B

# Background: 340B and Prime Vendor Pricing

- The actual prices charged under both programs are considered proprietary and are not made available to non-participating entities
- The pricing formula is available. It is defined by statute.

# Study Findings: Provider Awareness of the Programs

- Near universal participation in 340B among informants
  - ▶ Increase in participation as result of Deficit Reduction Act (DRA) in 2006
  - ▶ DRA made nominal prices only available to specific entities, including those eligible for 340B
- Two-thirds of informants are registered for Prime Vendor, and most of these are receiving discounts through the program
  - ▶ Use of Prime Vendor among providers is increasing



# Study Findings: Provider Awareness of the Programs

- Awareness is high, some confusion remains
- Awareness of and participation in 340B is higher than Prime Vendor

*Informants view 340B as the starting point for discount prices.*

# Study Findings: Provider Awareness of the Programs

- Some awareness of the programs is tainted by misinformation
- Some providers are unable to distinguish between drug purchasing programs

*Grantees indicated that it can be difficult to know whether they are obtaining the best prices.*

# Study Findings: Provider awareness is guided by available information

- Informants seek additional information on 340B and Prime Vendor. Providers would like information to be:
  - ▶ Easily accessible
  - ▶ Tailored to Title X providers
  - ▶ Straightforward and non-technical
  - ▶ From a single source

# Study Findings: Provider awareness is guided by available information

- Providers currently piece together information from a variety of sources, including:
  - ▶ Title X conferences
  - ▶ National Family Planning and Reproductive Health Association (NFPRHA)

# Study Findings: Provider Use of the Programs

- Few providers use 340B or Prime Vendor exclusively
- Use of other purchasing arrangements widespread
  - ▶ Other arrangements are used mainly to achieve lower costs and convenience
  - ▶ Other arrangements also useful for purchasing non-pharmaceutical supplies and services
  - ▶ Providers have difficulty finding the time, resources, and information they need to ensure they are receiving the lowest discounts

# Study Findings: Provider Use of the Programs

- Most commonly used alternate arrangement is Family Planning Cooperative Purchasing Program (FPCPP)
  - ▶ About half of informants are members
- Informants overwhelmingly stated that Planned Parenthood Federation of America (PPFA) negotiated the best discounts
  - ▶ PPFA can only obtain discounts for Planned Parenthood entities

# Study Findings: Barriers to Maximizing Use

- Frequent price shifting and subsequent impact on budgets, patients and inventory
- Lack of transparency regarding pricing
- Absence of a single source of information regarding program parameters

# Study Findings: Barriers to Maximizing Use

- Misinformation and fear of “doing something wrong”
- Challenges in navigating the pharmaceutical marketplace
  - ▶ Time and energy needed to know which offers the best price

# Selected Resources

Source	URL
340B Program websites	General: <a href="http://www.hrsa.gov/opa/">http://www.hrsa.gov/opa/</a> Enrollment form: <a href="ftp://ftp.hrsa.gov/bphc/pdf/opa/FPPrgmReg.pdf">ftp://ftp.hrsa.gov/bphc/pdf/opa/FPPrgmReg.pdf</a>
Prime Vendor Program websites	General: <a href="http://www.hrsa.gov/opa/primevendor.htm">http://www.hrsa.gov/opa/primevendor.htm</a> FAQs: <a href="https://www.340bpvp.com/public/faq/faq_general.asp">https://www.340bpvp.com/public/faq/faq_general.asp</a>
HRSA Pharmacy Services Support Center (PSSC)	<a href="http://pssc.aphanet.org/">http://pssc.aphanet.org/</a>
Federal Register Notice, "Calculation of a Drug Price"	<a href="ftp://ftp.hrsa.gov/bphc/pdf/opa/FR05071993a.pdf">ftp://ftp.hrsa.gov/bphc/pdf/opa/FR05071993a.pdf</a>
Deficit Reduction Act Rule regarding nominal prices	<a href="http://edocket.access.gpo.gov/2007/pdf/07-3356.pdf">http://edocket.access.gpo.gov/2007/pdf/07-3356.pdf</a>
National Family Planning and Reproductive Health Association (NFPRHA) fact sheets on Title X and 340B	<a href="http://www.nfprha.org/images/pdf/2008%20Fact%20Sheets/340B%20Program%20February%202008%20FINAL.pdf">http://www.nfprha.org/images/pdf/2008%20Fact%20Sheets/340B%20Program%20February%202008%20FINAL.pdf</a>
Medicine for People in Need (Medpin) Reports	<a href="http://pssc.aphanet.org/documents/pharmacy_001.pdf">http://pssc.aphanet.org/documents/pharmacy_001.pdf</a> <a href="http://pssc.aphanet.org/documents/bridge-340B_001.pdf">http://pssc.aphanet.org/documents/bridge-340B_001.pdf</a>



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