

# 340(b)

## FEDERAL DRUG PURCHASING PROGRAM

Business  
Intelligence  
and Clinical  
Excellence



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The 340(b) Drug Pricing Program resulted from the enactment of Public Law 102-585, which is codified as Section 340(b) of the Public Health Service Act. This program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA) and represents an **important strategic advantage to health care entities that qualify**. Section 340(b) significantly limits the cost of covered outpatient drugs to qualified hospitals. Drug cost savings are estimated to be 20% to 50% when compared to GPO contract pricing.

Eligible entities are generally high Medicaid disproportionate share hospitals (DSH) owned by or, under contract with, state or local governments, freestanding children's hospitals, community health centers, state and local health departments receiving grants under the Public Health Service Act (PHSA), and other federal grantees.

The program requires that discounts are applied to outpatient drugs only, and use of the drugs is limited to "patients" of a 340(b) covered entity. As such, Medicaid billing procedures may need to be adjusted. Novia Strategies plays an integral role in assisting hospitals with enrollment and implementation of the 340(b) program to maximize savings and meet compliance standards.

[Additional Services >>](#)

## **BENEFITS OF OUR 340(b) ADVISORY SERVICES**

We will work with you to develop and implement strategies and tools that assist you in maximizing savings and improving compliance:

- Extend 340(b) to all eligible facilities and patients
- Purchase covered outpatient drugs through 340(b) accounts that are established with the drug wholeseller
- Design and establish contract pharmacy arrangements
- Negotiate strategic partnerships
- Improve compliance through effective virtual inventory procedures, observance of Medicaid billing stipulations, and GPO duplicate discounts

## **OUR APPROACH**

We utilize a tri-phased approach in our 340(b) advisory services which is tailored to the level of support you need. These phases are as follows:

- Phase 1: Program Planning and Business Case Development
- Phase 2: Implementation
- Phase 3: Quality Assurance and Compliance



## **Assessment Planning and Implementation**

### **Phase One – Project Planning and Business Case Development:**

- Establish the project management infrastructure including project team, work plans, budget, and communication plan
- Assist with registration process with HRSA / OPA
- Complete an inventory of all information technology, reporting, forms, work flows, 3rd party payer contracts, policies and procedures, etc., that will be impacted by 340(b)
- Determine optimal mechanisms for managing 340(b) inventory
- Provide estimate of savings opportunity
- Evaluate Medicare Cost Report for eligible outpatient entities

### **Phase Two – Implementation:**

- Facilitate the design, build, and testing of system and business process modifications
- Monitor vendor readiness
- Develop policies and procedures governing the program
- Design virtual inventory process
- Establish contract pharmacy relationships as required

### **Phase Three – Quality Assurance and Compliance:**

- Design quality assurance monitors
- Monitor benefits realization from savings generated by the program