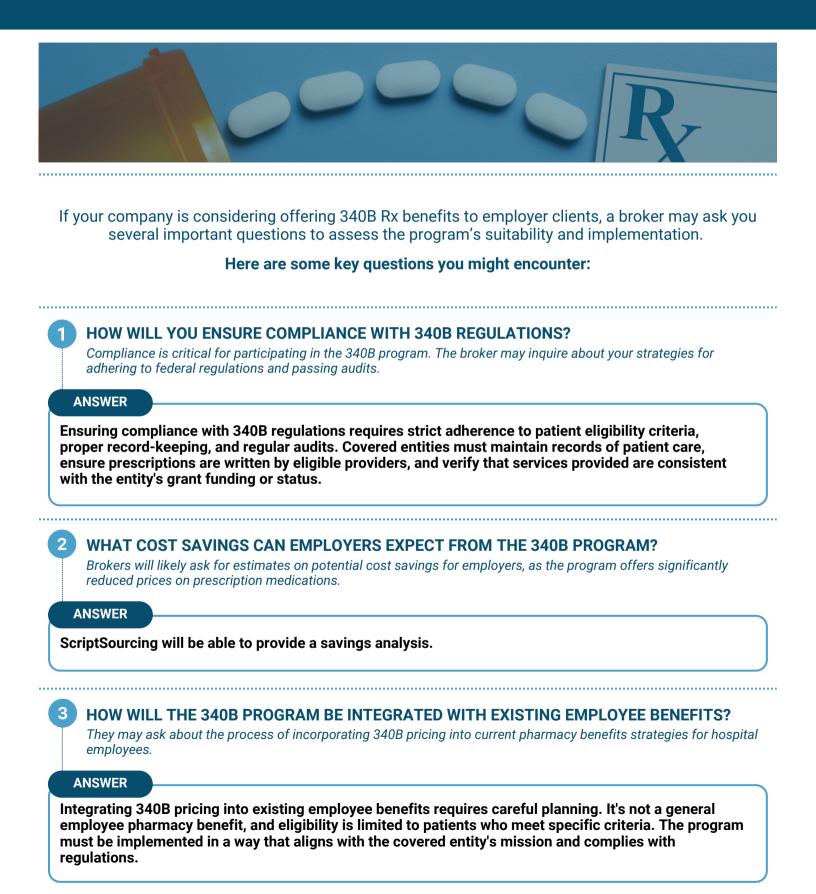


340B BROKER FAQ GUIDE





9 HOW DOES YOUR 340B OFFERING COMPARE TO TRADITIONAL PHARMACY BENEFIT MANAGEMENT (PBM) SERVICES?

ANSWER

Compared to traditional PBM services, a 340B offering may provide access to significantly discounted medications for eligible prescriptions. However, it's important to note that 340B is not a comprehensive replacement for PBM services and has specific limitations on eligibility and use. 340B offerings differ significantly from traditional pharmacy benefit management (PBM) services in several key ways:

- **Purpose and focus:** 340B programs are designed to provide discounted medications to eligible healthcare organizations serving vulnerable populations, while traditional PBM services focus on managing prescription drug benefits for employers and health plans.
- Pricing structure: 340B programs offer steep discounts on drug prices to covered entities, often resulting in savings of 20-50% compared to retail prices. Traditional PBMs typically do not offer the same level of savings as 340B programs.
- **Eligibility:** 340B programs are limited to specific types of healthcare providers that meet federal eligibility criteria, such as certain hospitals and clinics serving low-income populations. PBM services are available to a wide range of organizations and individuals.
- **Revenue model:** 340B programs generate revenue for covered entities through the spread between discounted purchase prices and reimbursement rates. PBMs generate revenue through various mechanisms, including administrative fees, rebates, and spread pricing.
- **Compliance requirements:** 340B programs have strict compliance requirements, including preventing drug diversion and duplicate discounts. PBMs have their own set of compliance requirements, but they are generally less stringent than those of the 340B program.
- **Patient impact:** 340B programs can potentially offer greater direct benefits to patients through free or discounted medications and expanded services. Traditional PBM services may indirectly benefit patients through cost management, but the impact is often less direct.

WHAT ARE THE BENEFITS TO THE PLAN MEMBER WHEN PARTICIPATING IN A 340B PROGRAM?

ANSWER

- **Direct medication cost savings:** Patients receive free medications through 340B covered entities.
- **Improved health outcomes:** 340B participants have lower hospital readmission rates (8%) compared to non-participants (17%), which can lead to cost savings for patients.