

340B PROGRAM SUPPLEMENTS INDIGENT PHARMACY COSTS

Brigitte Sullivan, The Johns Hopkins Comprehensive Transplant Center, Baltimore, MD

Purpose: Pharmacy coverage for post-transplant maintenance is a persistent issue in transplantation. Inability of patients to obtain or maintain coverage for the estimated \$28,000 per year in post-transplant drug costs can result in denial of listing for transplantation for otherwise potential candidates (approximately 55 patients annually at our Transplant Center (TC), deactivation on the waiting list due to loss of coverage after initial listing (an estimated 30 patients annually), or loss of the organ when a patient is unable to obtain medication after transplantation. Currently, our center provides a safety net for patients who lose coverage after they have been transplanted. Approximately 70 patients per year require this assistance for an average of three months per patient. In FY2005, the annual cost to our center was \$250,000.

One option for supporting under or uninsured patients is utilization of 340B pricing. In 1992, Congress created a federal drug discount program established under Section 340B of the Public Health Service Act. Section 340B requires drug manufacturers to provide outpatient drugs to eligible health care centers, clinics, and hospitals (termed “covered entities”) at a reduced price. On average, 340B prices are estimated to be 51% lower than the AWP price. The savings generated by the 340B program is intended to be used by the covered entity to increase the number of indigent patients served and to expand other services offered to patients.

Method: The TC contracted with the hospital’s Outpatient Pharmacy (OP) to access 340B pricing for the transplant population. Under this model, outpatient drugs for all patients selecting to use the OP vendor, regardless of the patient’s payer, are purchased under the 340B pricing. These drugs are then sold to the patient’s payer at the contracted (or regular rate) for the particular medication. The margin between the cost of drug and the payment for drug is credited to the TC (after the OP overhead is subtracted). This savings pool is then used to fund drugs for patients who are unable to afford them post-transplant, as well as to provide a cushion to be used for patients who are unable to obtain coverage and are prevented from being listed for an organ.

In order to encourage patients to utilize this program, the model includes several features that make it more convenient including a dedicated on-site pharmacist and pharmacy technician (funded by the OP) who conduct teaching to patients at the bedside, deliver outpatient medications prior to discharge, and facilitate reminder calls for refills and other services. Prescriptions are provided at an outpatient location at the hospital as well as mail delivery through the OP.

Results: The 340B model was implemented for all newly transplanted liver, kidney and pancreas patients and living donors beginning in May 2006. These results are based on the first three months of the program. Overall, 97 patients obtained 1,251 prescriptions (80% new prescriptions, 20% refills). There was \$250,000 in revenues from sale of

drugs, and \$126,850 cost of drugs. Cost of services (staffing, shipping expense, etc.) and overhead of the OP totaled \$84,900 for a final savings margin of \$34,200 to be credited back to the TC for use with other patients.

These preliminary results demonstrate an estimated \$137K annual savings pool; however, as the program expands to the heart and lung populations as well as to patients who were transplanted before May 2006, the pool is estimated to grow to between \$500,000 and \$900,000 annually, depending on the number of patients willing to enroll.

In addition to the savings, staff and patients report satisfaction with the service. The OP pharmacist and technician have become integrated into the transplant team, are involved in patient rounds, and are able to provide tailored education and input.

Conclusion: Partnership between a TC and OP to offer a comprehensive 340B based pricing initiative improves patient care through provision of greater access to medication coverage for patients with limited financial means, as well as expanded outpatient pharmacy services for transplant patients.