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The 340B program was created by Congress to provide discounts on drugs to hospitals and other facilities that treat a disproportionate share of low-income and vulnerable patients. Considering rural populations are older, sicker, and poorer than their urban counterparts it was a natural extension for the program to include rural safety net providers.

Rural hospitals operate on razor thin margins, with 40 percent of rural hospitals operating at a financial loss. As a result, we have seen a devastating trend of rural hospital closures, with 48 rural hospitals closing since 2010, and another 283 currently on the brink of closure. With Medicare cuts looming for many rural hospitals, threats of more cuts on the horizon, and the impact of Sequestration cuts kicking in, the 340B program has been a beacon of light for many rural hospitals. The program has allowed hospitals to maintain many critical services and staff, and in certain cases, keep their doors open – maintaining them as a critical access point for both the delivery of health care and life-saving medications.

When medications are not available locally, patients are less likely to comply with a medication regimen which can lead to patients becoming sicker and requiring additional care. When medication regimens require frequent administration of complex and expensive medications, such as with chemotherapy, local access to these medications can be a matter of life or death. Without the 340B programs, many rural facilities would be unable to expend the resources necessary to safely store and administer these expensive medications.

All of these facts about rural patients and providers exemplify the congressional intent of 340B to allow providers to “stretch their scarce resources, serve more vulnerable patients, and provide more comprehensive services,” all without costing the government, and in fact providing real savings to the beleaguered Medicare trust fund. The success of 340B in meeting its objectives, particularly for rural providers, would be further multiplied if inpatient medications were included in the program; a clear win-win for hospitals, patients, and taxpayers.