



McKESSON HEALTH SYSTEMS: ASK AN EXPERT

# How to ensure your 340B program works for everyone — including you

## A Q&A with McKesson's 340B Experts

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The federal 340B Drug Pricing Program helps health systems provide medications at a lower cost to patients and potentially use the resulting savings to deliver more comprehensive services. It's a complicated paradigm, however, of operational management, financial oversight, governmental compliance and consistent quality of care. So how can health systems ensure their program is delivering the best to patients and providers alike?



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Why is it important to know how a 340B program is performing, and why should we be talking about this right now?

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**Andrew Wilson:** The savings and revenue that is accrued through the sale of 340B-supported medications to eligible patients funds a broad variety of activities — from off-site clinics and specialized care services to patient support programs and community outreach for services — things that otherwise would not be funded.

**Christopher Shain:** Absolutely. But for most health system organizations participating in a 340B program, their savings on outpatient drugs often rivals the revenue generated by prominent service lines of the health system. The savings are significant and cannot be ignored. But achieving both of those financial gains — revenue and savings — hinges on managing and optimizing every facet of the program in day-to-day operations.



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Where should health system pharmacy leaders start with evaluating and optimizing performance?

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**Heather Easterling:** The first step is to acknowledge that the 340B program is not a pharmacy program. It's a hospital or health system program. In other words, you can't just have pharmacy leaders making decisions. It's important to have the entire C-suite leadership involved. They need make sure they understand what the actual cost savings will be and how much revenue is anticipated. In doing so, they can better strategize whether or not it makes sense to add physician practices, infusion centers, retail pharmacies, et cetera to their service areas — and exactly how and where to do so. It's also important to have a separate 340B oversight committee that meets on a regular basis and takes ownership of performance. That's not what happens in many organizations. Often, it's left to the pharmacy leader to figure it out.

**Christopher Shain:** And in order to realize financial goals, that collective team needs to work together to create a solid oversight plan that also addresses the clinical, operational and compliance requirements of 340B. There are implications for how a health system bills Medicare, Medicaid and private insurance companies; how it charges for drugs in the IV room; whether or not it's capturing charges in the OR, and more. All of those things impact the program. Some are savings related. Some are compliance related. Those are things that a pharmacy manager might not be able to manage without C-suite collaboration. It requires a bigger-tent approach — a big-picture view, clearly defined objectives, clearly defined requirements and consistent oversight — to make sure a 340B program is delivering optimal results.



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How do platforms play a role in understanding 340B business performance?

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**Andrew Wilson:** Having third-party administrator support at the outset for the main hospital program is number one, in order to ensure that everything is fully and properly set up. In many instances it's left to the internal tech team member to figure out what to do, but there's a critical role for leadership in saying, "Hey, do we have all the pieces lined up to properly capture 340B revenue and savings, as well as track and monitor activities, and the associated costs of 340B operations and compliance?" Number two: When you expand from the main hospital program into the retail contract-pharmacy world, you're going to have to decide which pharmacy partners and third-party administrators you want to work with. It's a different venture that requires a different strategy to make sure all the settings, relationships and connections are set up and managed properly.

**Christopher Shain:** Capturing accurate analytics is key in both paradigms in order to ensure that the drugs purchased, the savings realized, the revenue generated, and the activities being monitored all align to the health system's goals. Trackable analytics are critical to avoid over- or underordering, over- or underselling, or missing opportunities.



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What are the top factors to focus on when evaluating your program?

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**Christopher Shain:** Focusing on financial and compliance details is important, but that's not where it begins and ends. Program leaders also need to pay attention to internal and public forces that could put their program at risk, so they can make fully informed decisions. Internal 340B operations and the supply chain side need to work together to avoid drug shortages, evaluate the introduction of new products or biosimilars, and respond to any other changes that might affect the dynamics of health care delivery or business management.

**Andrew Wilson:** Right. Plus, it's important to understand that a 340B program doesn't run in a vacuum. Processes, operations, service delivery — no matter which side of the house priorities emanate from, they impact the entire health system, whether they're related to 340B or not. The leadership of a healthcare system needs to continually ask, "Does this work for the part of my organization that's not 340B?" and be assured that the answer is "yes."

**Heather Easterling:** Another thing to focus on is people. Engaging the right team members for the 340B program is so important. Most health systems really underestimate what it takes to run these programs well. It's something that requires a seasoned pharmacy leader and team members who are skilled in business as well as knowledgeable in the science of medicine and pharmacy.



What's the single biggest piece of advice you would offer to those looking to improve their 340B programs?



**Heather Easterling:** The 340B program can be pretty complicated and challenging for health systems to navigate. 340B programs typically require a lot more help and oversight than anticipated. If you're risk-averse, you might miss out on revenue gains. If you're open to new alternatives but sidestep the necessary oversight, you could end up doing things that put your program at risk — and neither of those alternatives are good. Meticulous oversight and accountability can keep things on the right track, in terms of finances, operations and compliance.

**Andrew Wilson:** The balance of risk-to-reward is a journey of decisions — and that journey is one that needs to be mapped out at the institutional level, rather than being assigned to a pharmacy buyer, a 340B program manager, or the tech team that's keeping track of the software. Healthy communities and healthy financial results depend on healthy collaboration and accountability, from the top down.

**[Learn how our team can help you navigate 340B complexities.](#)**

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