

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

Congress created the 340B Drug Pricing Program to assist providers serving vulnerable patient populations by allowing them to purchase outpatient drugs at discounted prices. For drugs dispensed to Medicare Part D beneficiaries for payment under the Part D program, manufacturers may pay rebates based on rebate agreement terms negotiated between the manufacturers and the Part D prescription drug plan sponsors or their pharmacy benefit managers. Rebate agreement terms may prevent manufacturers from paying rebates for Part D prescriptions filled at 340B contract pharmacies.

Our objective was to determine the rebate amount that could have been generated had pharmaceutical manufacturers and Part D sponsors agreed that prescriptions for Part D beneficiaries filled at 340B contract pharmacies would generate rebates for those sponsors.

How OIG Did This Review

We reviewed 68 sponsors whose prescription drug events (PDEs) represented 75 percent of the 340B pharmacy PDEs in 2014 and requested a list of the 2014 Part D claims for which the manufacturer did not pay a rebate because the claim was filled at a 340B contract pharmacy. We requested that the sponsors calculate the rebate amounts that would have been paid for the 2014 contracts had the prescription been filled at a non-340B pharmacy.

Medicare Part D Rebates for Prescriptions Filled at 340B Contract Pharmacies

What OIG Found

We determined that tens of millions of dollars in rebates could have been generated had manufacturers and sponsors agreed that eligible prescriptions filled at 340B contract pharmacies would receive rebates. If the Part D prescriptions for the sponsors in our review had been filled at non-340B pharmacies, sponsors calculated that manufacturers would have paid rebates of up to \$74.7 million for 554,549 claims in 2014. The manufacturers did not pay these rebates because, as sponsors reported, rebate agreements did not require manufacturers to pay rebates for Part D drugs filled at a 340B contract pharmacy.

We also found that because there are no 340B identifiers on claims and PDE records, sponsors do not have the data to distinguish whether prescriptions dispensed at a 340B contract pharmacy were filled using 340B drugs. Therefore, the possible additional rebate amount of up to \$74.7 million is for both 340B and non-340B drugs filled at a 340B contract pharmacy for Part D beneficiaries.

There is an opportunity to potentially reduce Part D costs if sponsors were to negotiate similar net prices for both non-340B drugs dispensed by 340B contract pharmacies and drugs dispensed by non-340B pharmacies.

What OIG Recommends

This report contains no recommendations. We provide this report to inform congressional and administration decisionmakers of the impact that drugs dispensed at 340B contract pharmacies may have on the Part D program.