

# HOW LILLY WILL HELP 340B DISCOUNTS REACH PEOPLE WITH DIABETES



The 340B program is an important safety-net program, but it is in need of reform. Now more than ever, as the United States navigates the COVID-19 pandemic and historic unemployment rates, it's important for patients to have affordable access to medicine. While Lilly advocates for 340B policy reforms, we're taking these steps to help 340B discounts reach people with diabetes.

## CURRENT STATE

### The 340B Supply Chain

Using Humalog Example



Via a wholesaler, Lilly sells Humalog at the significantly discounted price, 10 cents per vial, to 340B covered entities.<sup>1</sup>



Patient gets treated at a 340B facility and now, due to unchecked growth in the program, they are considered a 340B patient, regardless of their insurance or financial status. Patient fills their prescription at the hospital pharmacy or a 340B contract pharmacy.



Patient pays a co-pay or may pay list price, \$274.70, plus a pharmacy dispensing fee, depending on their insurance plan. The patient's insurance provider also pays the 340B covered entities.



Patient pays the 340B price, 10 cents per vial, for their prescription. The pharmacy completes the transaction, but cannot bill the patient's insurance provider or add any fees, and must provide detailed claims.



Many times, the patient does not see any of the 340B savings, and the 340B covered entities keep the profit they get from selling the prescription.



Patient benefits from the savings and the 340B system does not profit.

<sup>1</sup> Lilly takes significant loss on this transaction.



340B Price



Price Charged By Pharmacy

# Contract Pharmacy 340B Pricing Markup By Product



**340B Price**  
The amount Lilly charges 340B covered entities for Lilly medicines.



**Price Charged By Pharmacy**  
The wholesale acquisition price (WAC)<sup>1</sup> plus the dispensing fee<sup>2</sup> charged by 340B pharmacies to dispense medications.



**Percent Markup**  
A calculation that shows the difference between the price the 340B pharmacies pay for the medicine vs. the price they are charging patients.

	INSULIN LISPRO 100 (10 ML) 10 mL vial	HUMALOG KWIKPEN 5-pack of 3mL pens	HUMALOG U-100 (10ML) 10 mL vial
	<b>\$0.10</b>	<b>\$0.15</b>	<b>\$0.10</b>
	\$137.35 + \$12.40 <b>\$149.75</b>	\$530.40 + \$12.40 <b>\$542.80</b>	\$274.70 + \$12.40 <b>\$287.10</b>
	<b>149,650%</b>	<b>361,766%</b>	<b>287,000%</b>

<sup>1</sup>This is also known as list price. This price may not represent the actual transactional prices patients pay at the pharmacy. <sup>2</sup>The \$12.40 fee reflects the national average cost of dispensing. Dispensing fees vary based on contract pharmacy (Source: <https://www.nacds.org/pdfs/pharmacy/2020/NACDS-NASP-NCPA-COD-Report-01-31-2020-Final.pdf>).

## Number of Contract Pharmacy Arrangements on the Rise\*

In 2010, the program expanded to allow 340B entities to contract with unlimited number of for-profit retail pharmacies. This decision dramatically increased the number of contract pharmacies.



\*Each relationship between a 340B entity and a contract pharmacy is counted separately for this analysis. Some pharmacies have relationships with more than one 340B entity, and those pharmacies are counted more than once in this analysis. Sources: PhRMA and Office of Inspector General, US Department of Health and Human Services. Memorandum report: contract pharmacy arrangements in the 340B program. February 2014. OEI-05-13-00431. Avalere analysis of the HRSA OPA Database, March 2017.