Illinois Health and Hospital Association

Drug cost savings that allow Memorial Hospital to offer free community programs and services and make facility and equipment upgrades have dropped by 52% in just three years.

Despite the loss of over $400,000 in drug cost savings—from $806,000 in savings in 2020 to $384,000 in 2023—the hospital still provided $90,000 in free or reduced-cost healthcare and $86,000 in prescription savings for patients in 2023.

The stark decline in drug costs savings wouldn't have happened if pharmaceutical companies had complied with the federal government's 340B drug discount program, enacted in 1992. The program requires pharmaceutical manufacturers to sell drugs at discounted rates to healthcare organizations, including many hospitals caring for uninsured and low-income patients.

Yet pharmaceutical companies have recently limited access to life-saving drugs or placed conditions that restrict the ability of 340B hospitals like Memorial Hospital to distribute discounted drugs through contract pharmacies like Walgreens or CVS.

Memorial Hospital, a federally designated Critical Access Hospital, has a crucial role in ensuring its surrounding rural communities have access to healthcare. Memorial Hospital is located in Chester, a city of less than 7,000 people about 60 miles south of St. Louis.

Memorial Hospital leaders and staff have seen firsthand how important the 340B program is to patients. For many, their needed medication totals $500 a month on average—and that's just for one prescription. About 20% of Chester residents live in poverty, according to the U.S. Census Bureau, and the city's per capita income was just over $24,500 between 2019-2023.

Most patients seeking the hospital's help with drug costs need blood thinners to maintain heart health and insulin or other medications to manage diabetes. One patient told hospital staff he was using some of his son's insulin because he couldn't afford his own prescription. Once the hospital stepped in—leveraging the 340B program—the patient got his own prescription at a reduced cost, and both father and son can now better manage their chronic condition.

According to Memorial Hospital leaders, the 340B program helps improve patient compliance with taking medication needed for optimal health, which reduces emergency department visits and inpatient hospitalizations, as well as the cost of healthcare for all. Beyond healthcare, patients who can access needed medications are better able to fully participate at school and work and in their communities.