

340B Bill Would Raise Healthcare Costs for Illinois Businesses

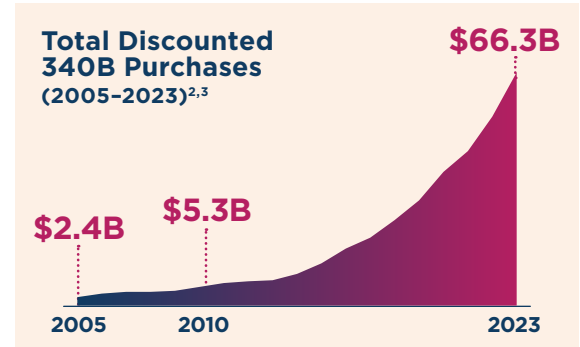
The 340B Drug Pricing Program has grown from a small program for safety-net providers into a massive arbitrage opportunity for corporate healthcare systems to drive up costs without meaningfully benefiting the vulnerable communities it was intended to serve.

Today, **340B is the second-largest federal drug program behind Medicare Part D.**¹ Providers purchased over \$66B of medicines in 2023 at discounted 340B prices; the full price of those medicines was \$124B, meaning 340B providers received **approximately \$58B in 340B profits.**²

With no transparency in the program for hospitals, it's impossible to know whether these funds are benefiting patients—even as they drive up costs for employers and working families.

340B COSTS EMPLOYERS BILLIONS

340B allows participating hospitals to “buy low and sell high;” purchasing medicines at a steep discount then charging insured patients full price, which results in significant profits. This practice increases health care costs and encourages consolidation³ since hospitals can acquire outpatient physician practices and contract with PBMs and chain pharmacies to boost profits.



5.4x the average markup to oncology drugs billed to a state health plan—averaging profits of \$6,026 per claim according to the state treasurer.⁴

\$5.2B annual cost of 340B to employers in lost rebates alone.⁵



340B HOSPITALS IN ILLINOIS

- More than half of all hospitals in IL profit from 340B.^{4,5}
- IL hospitals have contracts with over **4,000 pharmacies, 1 in 5 of which are out-of-state.**⁴
- IL hospitals earn more than **2.5x** more in 340B profits than they spend on charity care.⁶



EMPLOYERS IN ILLINOIS

- 340B hospitals mark up 340B-purchased drugs and sell them to employers at the full price, sometimes earning profits of **over \$6,000/claim**
- Employers do not receive negotiated rebates on 340B medications, **raising healthcare costs \$35/beneficiary and \$223M overall for IL businesses**⁵

FLAWED LEGISLATION SB2385/HB3350 DOES NOT ACCOUNT FOR TRANSPARENCY

Proposed legislation would exacerbate the impact of 340B on employers and working families in Illinois. Hospitals are seeking to pass a bill that would further increase profits for them and their PBM and chain pharmacy partners at the expense of employers; **SB2385/HB3350 would cost employers an additional \$14 per beneficiary or \$89.6 million a year in lost rebates.**

Instead, lawmakers should seek to introduce more transparency to better understand the 340B program and its impact on families in Illinois, following the lead of Minnesota,⁷ Kansas,⁸ and Maryland.⁹

¹ HRSA

² Drug Channels Institute and IQVIA

³ KFF

⁴ North Carolina Treasurer Report

⁵ IQVIA Data

⁶ Advantage News

⁷ www.health.state.mn.us/data/340b/docs/2024report.pdf

⁸ www.nachc.org/nachc-content/uploads/2024/01/05_03_24_nachc_state-level-340b-laws-and-legislation_tracker.pdf

⁹ www.mintz.com/insights-center/viewpoints/2146/2024-09-17-will-sustained-pressure-340b-program-finally-lead-much