

# 340B Bill: Bad for Business in Michigan

## THE 340B PROGRAM

The 340B program was created over 30 years ago to aid vulnerable communities.

Today, corporate health systems exploit the program to raise profits rather than improve patient access and affordability. The 340B program allows corporate health systems to:

- Buy drugs at significant discounts then mark them up excessively without passing savings to working families or their health plans
- Acquire independent outpatient physician offices and classify them as 340B sites, which fuels hospital consolidation to increase profits
- Use contract pharmacy arrangements that boost pharmacy benefit managers' profits

## Michigan Employers Care Because:



More than half of Michigan hospitals profit from the 340B program (87/140).<sup>1,2</sup> Yet, Michigan 340B hospitals provide less charity care than the national average.<sup>3</sup>



There is no requirement that 340B pharmacies be located in low-income communities in Michigan, leading to the program's expansion into wealthier areas of the state.<sup>4</sup>



340B encourages providers to prescribe costlier drugs and fewer biosimilars, raising costs for employers.<sup>5</sup>



Corporate health systems in Michigan do not have to report how they spend the money or whether they are passing the savings along to vulnerable patients.

## HB5350 / SB1179 IS THE WRONG SOLUTION

HB5350 and SB1179 would exacerbate negative effects on consolidation and prescribing patterns, all of which raise costs for employers and working families at the expense of corporate health systems and their chain pharmacies and PBM partners.

### Comprehensive reforms are needed to:



Promote  
transparency and  
accountability



Provide affordability  
protections for patients  
and employers



Ensure the  
program is helping  
vulnerable patients



Michigan Health Purchasers Coalition (MHPC) fights for employers & working families to curb the rising prices paid by employer-sponsored healthcare that cover half of all Michiganders.

Learn more at [www.mihpc.org](http://www.mihpc.org)

<sup>1</sup> <https://www.kff.org/other/state-indicator/total-hospitals/?currentTimeframe=0&sortModel=%7B%22colld%22:%22Location%22:%22sort%22:%22asc%22%7D>

<sup>2</sup> <https://greatlakeswire.com/stories/657974520-87-michigan-hospitals-participate-in-federal-340b-drug-pricing-program>

<sup>3</sup> <https://pioneerinstitute.org/wp-content/uploads/Michigan-2024.pdf>

<sup>4</sup> <https://www.wsj.com/articles/340b-drug-discounts-hospitals-low-income-federal-program-11671553899>

<sup>5</sup> <https://communityoncology.org/hospital-340b-drug-profits-report-feb-2021/>