

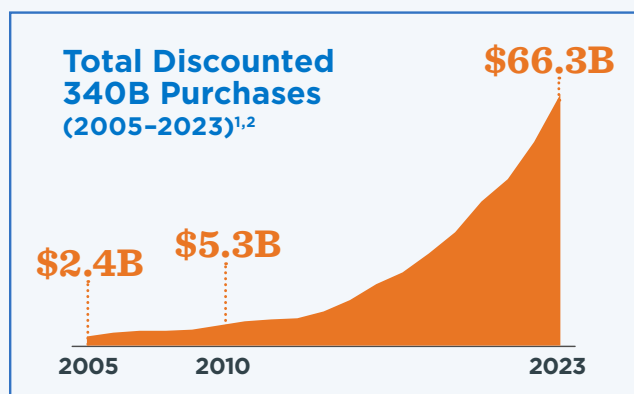
340B By the Numbers

340B DRIVES UP HEALTHCARE COSTS FOR EMPLOYERS & WORKING FAMILIES

The 340B Drug Pricing Program was created to help a small number of safety-net hospitals and health centers serve low-income and uninsured patients.

Today, the program has become a “buy low” and “sell high” profit driver for corporate health systems and PBMs – with little benefit for the communities it was intended to serve.

THE 340B PROGRAM TODAY



2nd
largest federal drug program and projected to outgrow Medicare Part D by 2028³

More than one-third of 340B hospitals spend **<1%** of their budget on charity care⁴

Exploded from just 100 to **50,000+** participating provider facilities¹

33,000+ participating external “contract” pharmacies²

EMPLOYERS & WORKING FAMILIES ARE PAYING THE PRICE

The growth of 340B has real financial consequences for businesses and working families.



Higher Hospital Prices & Insurance Premiums

340B is associated with higher commercial hospital prices and insurance premiums, and employers are footing the bill:

- **Commercial prices were 20% higher** for common outpatient procedures at large 340B hospitals.⁵
- These inflated hospital prices lead to employers spending **\$36B more per year** at these large 340B hospitals.⁵
- 340B growth is linked to **over \$22B a year** in increased costs for employer-sponsored healthcare expenses – an extra \$137 per employee (single) or \$415 (family).⁶

\$36B more
per year in extra hospital spending by employers at large 340B hospitals



Lost Rebates

Employers do not receive their typical negotiated rebates on medicines purchased through the 340B channel, resulting in higher healthcare costs:⁷

- **\$6.6B a year** lost across all employers – or **up to \$152 per enrollee**.
- **Over \$1B a year** lost across state and local government employee health plans, or **\$46 per beneficiary**.

Annual Lost Rebates:



\$6.6B

for all employers



\$1.0B

for public employers



Drug Markups

340B lets hospitals purchase medicines at steep discounts and then bill insurance the full price – driving up costs for employers and working families.

- Hospitals can buy drugs like Humira for as little as \$0.01, but charge insurers an average of **\$6,922 per patient per month**.^{8,9}
- Average markups were **3-5.4x higher than** the hospital's 340B acquisition cost on infused and cancer medicines.^{10,11}

Humira Cost

Per Patient Per Month:



v.s.



Incentives to Prescribe More, Higher-Priced Medicines

340B rewards participating hospitals for prescribing more – and more expensive – medicines:

- The average outpatient drug spend was **nearly 200% greater at 340B DSH hospitals** compared to non-340B hospitals.¹²
- 340B hospitals **prescribe 23 percentage points fewer biosimilars** than non-340B hospitals, instead favoring costlier options.¹³

The average outpatient drug spend was



200%

more expensive at 340B DSH hospitals



Hospital Consolidation

340B gives hospitals strong financial incentives to acquire outpatient physician offices, allowing them to generate additional revenue through 340B drug discounts:

- 340B systems were responsible for over **70% of hospital acquisitions** from 2016 to 2024.¹⁴
- 340B hospitals mark up the same drugs about **6.5x more** than independent practices.¹⁰
- 340B-eligible hospital-owned facilities **employ 230% more hematologist-oncologists** – yet treat fewer low-income patients.¹⁵



Independent Practices



340B Hospitals

mark up
6.5x more
for the same drug

¹ <https://schaeffer.usc.edu/research/the-340b-drug-pricing-program-background-ongoing-challenges-and-recent-developments/>

² <https://www.drugchannels.net/2023/07/exclusive-for-2023-five-for-profit.html>

³ https://media.thinkbro.com/wp-content/uploads/2024/01/12123932/340B-Program-at-a-Glance_2024-FINAL-CLEAN.pdf

⁴ <https://340breform.org/wp-content/uploads/2023/10/2023-Charity-Care-Report-Final-1.pdf>

⁵ <https://www.nationalalliancehealth.org/resources/the-340b-premium-new-data-shows-program-inflates-prices-for-working-families/>

⁶ <https://www.healthcapitalgroup.com/340b-state-insurance-premiums>

⁷ <https://www.iqvia.com/-/media/iqvia/pdfs/us/white-paper/2025/iqvia-cost-of-340b-to-states-whitepaper-2025.pdf>

⁸ <https://www.drugchannels.net/2020/06/new-hrsa-data-340b-program-reached-299.html>

⁹ <https://www.reuters.com/business/healthcare-pharmaceuticals/abbvies-humira-gets-us-rival-costs-could-stay-high-2023-01-31/>

¹⁰ <https://www.nejm.org/doi/full/10.1056/NEJMsa2306609>

¹¹ <https://www.nctreasurer.com/news/press-releases/2024/05/08/state-treasurer-folwell-releases-report-finding-north-carolina-340b-hospitals-overcharged-state>

¹² <https://www.milliman.com/en/insight/analysis-commercial-medicare-outpatient-drug-spend-340b-hospitals>

¹³ <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2022.00812>

¹⁴ <https://advisory.avalerehealth.com/insights/analysis-of-hospital-mergers-and-acquisitions-and-340b-status>

¹⁵ <https://www.nejm.org/doi/full/10.1056/NEJMsa1706475>