

# Congress Must Fix 340B

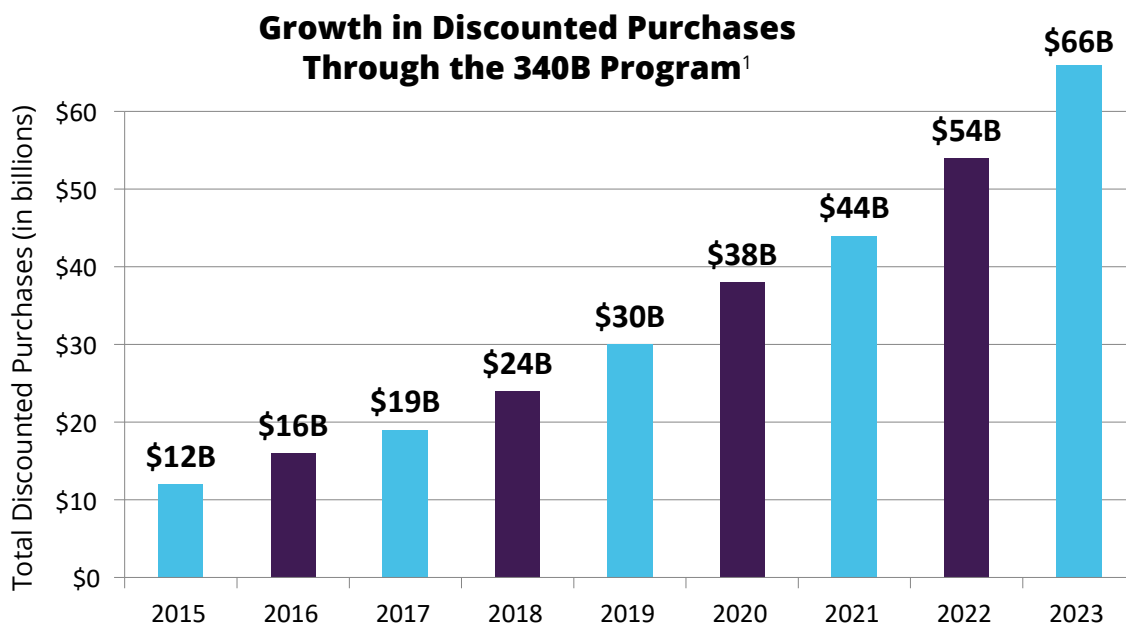


Congress created the 340B program over 30 years ago to help low-income and vulnerable patients access medicines at safety-net facilities. Under the program, hospitals and community health centers access prescription drugs at deep discounts with the intent that the savings will benefit the patients taking the medicines.

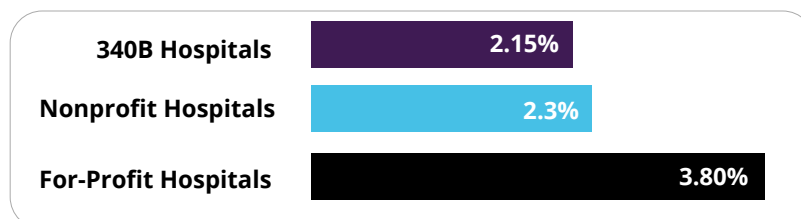
But far too many patients are missing out on these savings because of some corporate healthcare entities that are putting profit over patients. This ultimately erodes the safety net.

## A Growing Program...But Limited Benefits for Patients

The 340B program has grown **5x** in size over the last decade – reaching **\$66.3 billion in 2023**.<sup>1</sup> But most of the benefits aren't reaching patients. While some safety-net providers like community health centers use 340B savings to lower the cost of medicines for patients, many large hospital systems keep the savings for themselves.



On average, 340B hospitals devote a lower percentage of their operating expenses to charity care than other types of hospitals.<sup>2</sup> Studies show that hospitals actually reduced their spending on charity care after joining the program.<sup>3</sup> **So, where is the money going?**



## Limited Oversight & Accountability

Hospitals are not required to disclose how they use 340B savings or even whether they're being used to benefit patients. Recently, 340B hospitals have:

Set up satellite campuses in wealthy communities to maximize revenue from the program.<sup>4</sup>

Opened a film studio.<sup>5</sup>

Paid a university football coach's salary.<sup>6</sup>

## Corporate Middlemen Are Cashing In

Today, large chain pharmacies and pharmacy benefit managers (PBMs) are diverting billions of dollars in drug savings that should be helping low-income patients. These middlemen siphon an estimated **\$3 billion** from the program annually.<sup>7</sup>

## Misuse Raises Costs for Workers, Employers & Taxpayers

As 340B expands, employers, workers, and taxpayers face rising costs. They pay billions annually in inflated prescription drug prices driven by hospital markups of 340B drugs. A program that fails to pass on discounts means patients pay higher health insurance premiums and out-of-pocket costs.

**\$23 Billion**

Growth of the 340B program was associated with approximately \$23 billion in additional employer-based healthcare expenses in 2023. Of this, the program cost workers **\$4.5 billion** per year for their share of employer-based premiums.<sup>8</sup>

**\$6.6 Billion**

Higher employer healthcare costs from lost rebates on 340B prescriptions.<sup>9</sup> Self-insured employers – which cover two thirds of workers with employer-provided healthcare costs -- rely on drug rebates to keep costs down.

**\$1.8 Billion**

Lost state and federal tax revenue.<sup>10</sup> Raising healthcare costs reduce taxable income from workers and employers, which results in less tax revenues for federal, state, and local governments.

## Congress: Fix 340B

Policymakers need to hold 340B hospitals and corporate middlemen accountable to ensure the program funds reach the patients they're meant for. It's time for comprehensive, federal reform that:

**Ensure benefits reach low-income patients.** All hospitals in the program and their contract pharmacies should be required to pass through 340B savings to reduce the cost of medicines for low-income and vulnerable patients.

**Verifies the program is serving true safety-net providers.** Congress needs to ensure that only true safety-net providers are participating in 340B and require hospitals to provide meaningful levels of charity care to uninsured and low-income patients.

**Strengthens program accountability.** Require hospitals to publicly report basic information about how they use revenue from the program and create new safeguards to prevent exploitation by middlemen.

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