

PATIENTS MISSING OUT ON 340B DRUG DISCOUNTS

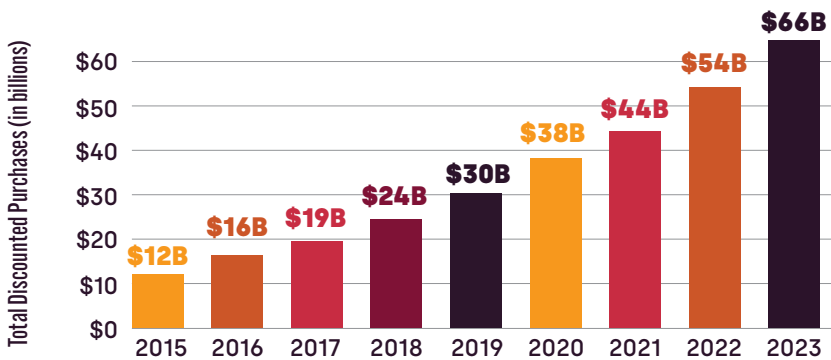


Billions in 340B Program Discounts Benefit Hospitals and Chain Pharmacies Instead of Patients



The 340B program is meant to help make medicines and health care services more affordable for low-income patients by allowing certain healthcare providers to purchase steeply discounted drugs. However, more than 30 years after Congress enacted the 340B program, the number of participating entities and discounted purchases has grown significantly, yet the benefit seen by patients has not kept pace.

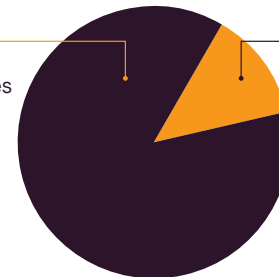
Growth in Discounted Purchases Through the 340B Program¹



Vast majority of purchases are made by hospitals

87%

of purchases made by hospitals



13%

of purchases by federal grantees including Community Health Centers, Ryan White Clinics

No Evidence Hospitals Use 340B to Lower Patient Costs

Community Health Centers and federal grantees use 340B resources to lower costs for patients. In contrast, many 340B hospital systems obtain billions in discounts but two thirds spend less than 2.5% of their operating expenses on charity care.² And recent research suggests that 340B hospital spending on charity care is on a downward trend.³¹

Revenue Flows to Middlemen

Instead of directing the savings to patients, pharmacy benefit managers and their affiliated pharmacies keep the windfall for themselves. These middlemen siphoned an estimated \$3 billion from the 340B program in 2023.⁴

Transparency Lacking on How 340B Discounts Are Spent

Unlike federal grantees who are transparent with how they spend 340B savings, hospitals are not required to disclose how they're using revenue from the program nor whether it's being used to benefit patients. Numerous examples show that hospitals have used 340B revenue to expand facilities into wealthier communities.⁵

COMMON-SENSE SOLUTIONS TO MAKE 340B WORK FOR PATIENTS

Comprehensive reforms are needed to realign the 340B program to ensure patients and providers caring for underserved communities benefit.



Ensure a direct patient benefit



Prevent abuse by middlemen



Verify the program is working

1. Health Resources & Services Administration. "340B Covered Entity Purchases" <https://www.hrsa.gov/opa/updates>

2. Health Equity Collaborative. "The State of U.S. Charity Care: Solutions to Improve the Patient Experience and Achieve More Equitable Health Outcomes." October 2024. <https://healthequitycollaborative.org/wp-content/uploads/2024/10/Final-HEC-White-Paper-340B-and-Charity-Care-October-2024.pdf>

3. Alliance for Integrity & Reform of 340B. "Charity Care at 340B Hospitals is on a Downward Trend." October 2023. <https://340breform.org/wp-content/uploads/2023/10/2023-Charity-Care-Report-Final-1.pdf>

4. Fein, Adam J. "For 2023, Five For-Profit Retailers and PBMs Dominate an Evolving 340B Contract Pharmacy Market." Drug Channels. July 11, 2023 <https://www.drugchannels.net/2023/07/exclusive-for-2023-five-for-profit.html>

5. Thomas, Katie. Silver-Greenberg, Jessica. "How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits." The New York Times. September 27, 2022. <https://www.nytimes.com/2022/09/24/health/bon-secoure-mercy-health-profit-poor-neighborhood.html?smid=tw-share>