

Experts Speak Out: The 340B Program Comes at a Cost to Us All & Needs Reform



The little-known federal 340B program is driving up costs for everyone. Big, tax-exempt hospitals are abusing the program, which was originally intended to help low-income and uninsured patients afford medicines, and instead use it as a profit generator at the expense of everyone else. 340B hospitals are marking up medicines acquired at steep discounts and charging full price or more for the same medicine.

These 340B markups have become a hidden tax that inflates costs for everyone in the health care system. 340B lacks basic transparency or accountability requirements with costs ultimately passed on to patients through higher out-of-pocket expenses, to employers through increased premiums, and to taxpayers through higher government spending.



If patients are not benefiting, where is all the money going?

Congress must address the unintended consequences of the 340B program and improve program integrity.



Media coverage shows 340B is a hidden tax on patients, taxpayers and employers

**The
New York
Times**

How a Company Makes Millions Off a Hospital Program Meant to Help the Poor

WSJ

Hospitals Get Big Drug Discounts. That Doesn't Mean Markdowns for Patients.

**Clarksville
NOW**
.com

Patients have right to know whether hospitals make profit from 340B program



Stakeholders Sound the Alarm on 340B

"...the 340B program is not "free" despite what some legislators...like to claim. Patients, employers and taxpayers are forced to subsidize big health systems through the **significantly marked up prices hospitals charge for prescription medications.**"

– [Jenny Goins](#) | Chief of Staff, National Alliance of Healthcare Purchaser Coalitions

"**The primary victim of 340B's excesses are the employers, purchasers, and working families** that are paying billions of dollars more in prescription drugs and other healthcare services because of 340B."

– [Shawn Gremminger, MPP](#) | President & CEO, National Alliance of Healthcare Purchaser Coalitions

"**Small oncology clinics and independent providers struggle to compete, as hospitals use their 340B revenue to acquire independent practices,** consolidating care into higher-cost hospital settings. This results in fewer choices and longer travel times for patients, particularly in rural communities that already face access challenges."

– [Kathy Oubre](#) | CEO, Pontchartrain Cancer Center

"**Even at current levels, the 340B Program results in a large transfer of taxable income to non-profit entities.** As a result, last year alone, federal and state tax revenues were reduced by as much as \$17 Billion. Other spillover effects of the discounts reduce revenue even more. The subsidies to covered entities also contribute to an increase in government spending on other health programs, including Medicare Part D."

– [Dan Crippen](#) | Former Director, Congressional Budget Office (CBO)



Congress must fix 340B

U.S. SENATE COMMITTEE ON

Health, Education
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Senator Cassidy Releases Report on 340B Reform, Calls for Congressional Action

"This [investigation](#) underscores that there are transparency and oversight concerns that prevent 340B discounts from translating to better access or lower costs for patients. **Congress needs to act to bring much-needed reform to the 340B Program.**"

"**Hospitals have figured out how to game the 340B system and are reaping billions of dollars in profits.**

In 2023, hospitals purchased more than \$66 billion in discounted treatments under the 340B program – a \$12.6 billion increase from the year prior... Rather than stop these abusive schemes, hospitals and contract pharmacies are looking to pass new state laws that expand their profits."

– [Terry Wilcox](#) | Co-founder & Chief Mission Officer, Patients Rising

"**To improve and reform the 340B drug discount program, Congress should clearly define a patient as an uninsured, low-income individual who does not qualify for Medicare or Medicaid.** This would tighten the loose interpretation of eligibility that has gone on for far too long and help to ensure that the program operates closer to the way it was originally intended."

– [Thomas A. Schatz](#) | President, Citizens Against Government Waste (CAGW)