

Three Key 340B Myths Debunked

The little-known federal 340B program is driving up costs for everyone as big, tax-exempt hospitals mark up medicines acquired at steep discounts, charging up to seven times or more for the same medication.

A growing body of research shows how 340B markups have become a hidden tax that inflates costs for everyone in the health care system. It's important to understand the facts and why urgent reform is needed.

✘ MYTH 340B does not cost taxpayers a dime.

FACT



340B increases costs for us all by driving up costs for employers and federal, state, and local governments, reducing tax revenue, and increasing costs for Medicare and Medicaid. 340B may have resulted in up to \$14 billion in lost federal tax revenue for 2023 and potentially \$200 billion over the next decade.¹ In 2023, employers faced \$6.6 billion in higher costs from lost rebates on 340B prescriptions filled by their employees.² In fact, the Congressional Budget Office recently confirmed that 340B encourages and incentivizes behaviors that increase federal spending and found no evidence patients benefit.³

✘ MYTH 340B rebate models will harm hospitals.

FACT



Rebate models are a commonsense solution to help improve program integrity, bring greater transparency and address the current lack of oversight to ensure hospitals are held accountable. Rebates are explicitly mentioned in the 340B statute as a mechanism for offering reduced pricing to hospitals and clinics, and they are commonly used in many federal health care programs.

✘ MYTH 340B is growing because pharmaceutical companies raise their prices.

FACT



The 340B program has skyrocketed in size over the last decade, with purchases reaching over \$81 billion in 2024.⁴ Profit maximization strategies of hospitals, PBMs and national chain pharmacies have driven this massive growth. When measured at the 340B discounted price, **increased utilization drove the entirety of program growth between 2018 and 2024.**⁵

Fact: Congress must prioritize much-needed reform to improve transparency and address the unintended consequences of the 340B program.

1. AIR340B, "[340B Impact on the Federal Budget](#)," October 2024.
2. IQVIA, "[The Cost of the 340B Program to States](#)," February 2025.
3. Congressional Budget Office, "[Growth in the 340B Drug Pricing Program](#)," September 2025.
4. Health Resources and Services Administration (HRSA), "[2024 340B Covered Entity Purchases](#)," December 2025.
5. Health Affairs, "[What is Driving 340B Growth: Utilization or Price?](#)," May 2025.