Modernizing 340B:

WHY WE NEED A REBATE-BASED RAPID VERIFICATION MODEL

The 340B program's lack of safeguards and transparency allows large hospital systems, clinics and their for-profit partners to exploit the program to boost their bottom lines at the expense of patients, taxpayers and employers.

Why Modernization of the 340B Program is Needed:

- **Hospital Markups:** The 340B program has evolved into an opaque hospital markup system that too often rewards revenue over patient care. Large hospital systems and clinics can buy medicines at steep discounts, mark them up by thousands of dollars and pocket the difference as profit — with no requirement that patients benefit.
- **Unchecked Growth:** As the 340B program continues to grow rapidly without adequate oversight, opportunities for abuse, including "double dipping" and the transfer or reselling of 340B discounted drugs to ineligible recipients, are growing alongside it, contributing to billions in higher health care costs.
- **Weak Oversight:** Government watchdogs have repeatedly found that 340B lacks adequate oversight, making the current system difficult to enforce and easy to manipulate.

A rebate-based rapid verification model is a commonsense approach that would help modernize this outdated program, bring needed transparency and accountability and help to prevent fraud and abuse without disrupting patient access.

How a Rebate Model Works:



Prescribe:

Hospital or clinic buys the medicine at the standard (non-340B) price and pharmacies dispense it to the patient — exactly as they do today.

Verify:

The hospital or clinic submits a claim with the data they already collect to verify the prescription is 340B-eligible, creating a manageable process while bringing increased transparency and accountability.

Rebate:

Once eligibility is rapidly confirmed, the hospital receives the 340B discount as a rebate — payment follows swift verification, in line with standard practices across health care and federal programs.

Learn more at PhRMA.org/340B

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