

340B: The Hospital Markup Program

The 340B program has evolved dramatically from its original purpose — and patients are paying the price. Instead of lowering costs for patients, the program serves as a virtually oversight-free revenue stream for large, tax-exempt hospitals, clinics and their for-profit partners. **New data shows just how lucrative the program has become: hospitals, clinics and their for-profit partners pocketed an estimated \$142 billion in profits from the 340B program in 2025.**

The Big Picture

Established by Congress in 1992, the 340B program was created to support qualifying clinics and around 50 safety-net hospitals that primarily treat low-income patients by providing discounted drugs.



45
1992

When the 340B program started in 1992, only 45 hospitals participated.



3,000
TODAY

Today, nearly 3,000 hospitals participate, with hospitals, clinics and for profit partners capturing nearly 60% of program spending as markup-driven profits.

Hospitals Win, Patients Pay

The 340B hospital markup program **incentivizes** system gaming that drives up costs for patients, employers and taxpayers. Examples of exploitation of the program include the consolidation of hospitals and physicians' offices, pushing care into more expensive settings, and prescribing more and higher-cost medicines.

- Hospitals can purchase drugs at a deep discount then mark them up, sometimes by thousands of dollars or more, leaving patients, employers and taxpayers to foot the bill.
- Prescriptions for patients with commercial insurance or Medicare cost **nearly 200%** more at 340B hospitals than at non-340B hospitals.
- Hospitals, clinics and their for-profit partners pocketed an estimated \$142 billion in profits from 340B medicine markups in 2025 with no requirement that those profits be used to lower patients' medicine costs and few meaningful reporting requirements to show where the money goes.

340B By the Numbers

\$244 Billion

340B covered entity purchases in 2025, more than doubling since 2021 when HRSA began publishing purchase data.

\$142 Billion

Hospitals, clinics and for-profit partners pocketed \$142 billion in 2025 from 340B.

\$20 Billion

Cost to **Medicare Part D** and **Medicaid** annually in lost rebates on 340B priced medicines.

\$36 Billion

Employers spend an extra **\$36 billion per year** on hospital bills due to price premiums at 340B hospitals.

Waste & Abuse Hiding in Plain Sight

With few meaningful guardrails or reporting requirements, large hospitals and clinics can use 340B profits in ways that have little to do with helping patients afford their medicines — including egregious spending that looks more like corporate expansion than patient care. With \$142 billion in estimated markup-driven profits in 2025 and no requirement that those dollars be used to lower patients' medicine costs, the lack of transparency around where the money goes has become even harder to justify.



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Production Studiosⁱ



Super Bowl Adsⁱⁱ



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Drone Shows^{iv}

A Growing Call for Accountability

All levels of government are starting to take notice of the waste, fraud and abuse in the program:

- Congress **is increasingly scrutinizing hospitals**, grilling hospital CEOs during congressional hearings over their role in the health care affordability crisis.
- The Congressional Budget Office **found** the 340B program “encourages behaviors—including the prescription of more and higher-priced drugs, the expansion of services, and the integration of hospitals and off-site clinics—that tend to increase federal spending.”
- The HELP Committee released its **years-long investigation** into how 340B covered entities use and generate revenue – and he is **still seeking answers** from 340B vendors.
- The Minnesota Department of Health found 340B covered entities generated at least \$1.34 billion in net revenue from the 340B program in 2024 as part of the state's **annual transparency report**.

What Patients and Media Are Saying

“I’d like to see our elected officials asking questions about how 340B affects not just patients like me, but our overall health care costs. After all, the hospital charged my insurance \$4,000 over the list price for my migraine medication. That can’t be good for my premiums.”

-Emily from Minnesota

The 340B program, “meant to help American poor,” is “being abused to provide a windfall to hospital conglomerates and participating pharmacies.”

“Ultimately, it is the patients who suffer as a result.”

-U.S. District Judge Daniel Traynor

“This is government graft at its worst.”

-The Wall Street Journal Editorial Board

The Bottom Line

340B is not reducing medicine costs for low-income patients. Instead, the program drives up health care costs for patients, employers, the government and taxpayers while large hospitals, clinics and their for-profit partners profit from the system. It’s time for Congress to fix 340B.

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