A Closer Look at 340B in Your Community

The 340B Drug Pricing Program was designed to help vulnerable patients access medications they might not be able to afford. To achieve this, manufacturers provide tens of billions of dollars each year in steep discounts on outpatient medicines to safety-net clinics and qualifying hospitals. The expectation is that those entities would use those savings to ensure vulnerable patients' access to medicines.

But the 340B program is broken. Today, it has become less about patients and more about boosting the bottom lines of hospitals and for-profit pharmacies, which are mostly owned by middlemen, known as pharmacy benefit managers (PBMs).

Here's what the program looks like across the country and in Pennsylvania.

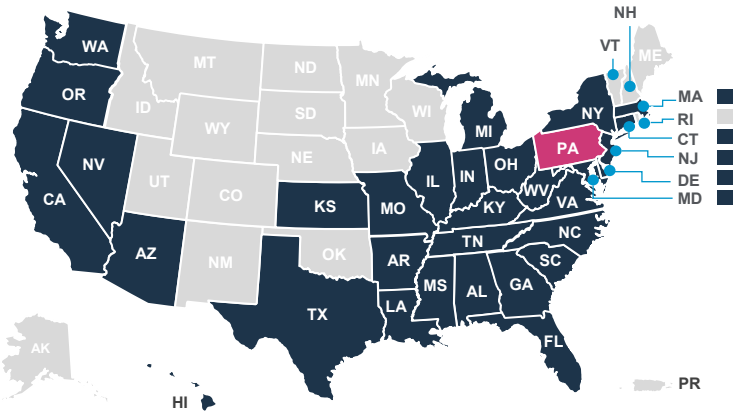
Fast Facts: 340B Nationwide

- 57% of all hospitals in the United States participate in the 340B program.
- Discounted 340B purchases reached nearly $54 billion in 2022 nationwide – 23% higher than in 2021.
- The number of contract pharmacies has grown nationwide by more than 8,000% since 2010.
- 46% of contract pharmacy arrangements are with pharmacies associated with one of the three largest PBMs.

Fast Facts: 340B in Pennsylvania

- 68 hospitals in Pennsylvania are part of the 340B program.
- 2,250 contracts between Pennsylvania 340B hospitals and pharmacies nationwide.
- Only 29% of contract pharmacies are located in medically underserved areas.
- 88% of 340B hospitals in Pennsylvania are *below* the national average for charity care levels.

Locations of 340B Contract Pharmacies – and Middleman Involvement – in Pennsylvania, 2023



Did you know that Pennsylvania 340B hospitals have nearly 1,000 contracts with pharmacies outside the state? Because of vertical integration in the supply chain, for-profit middlemen like PBMs and chain pharmacies also now make a profit from this safety-net program.

Are Pennsylvania's 340B hospitals providing adequate charitable care?

- Charitable care is the free or reduced-cost care provided to qualifying patients.
- Unfortunately, 77% of nonprofit hospitals nationwide spent less on charity care than they gained from tax breaks.
- The top performing 340B hospitals nationwide collected nearly $10 in total profit for every $1 they invested in charity care in 2021.
- In Pennsylvania, the charity care rate at 340B hospitals is 0.9%. This is below the national average of 2.5% (which includes both 340B and non-340B hospitals).
- In total, hospitals in Pennsylvania make 7.1 times as much from 340B as they spend on charity care.

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BRG Analysis of HRSA OPAIS Database and Medicare Cost Reports. October 2023