BY THE NUMBERS: 340B IS DRIVING UP HEALTH CARE COSTS

The 340B Drug Pricing Program was designed to help vulnerable patients access medications at safety-net facilities. Since the program was created in 1992, manufacturers have provided tens of billions of dollars each year in steep discounts on outpatient medicines to safety-net clinics and qualifying hospitals expecting those entities would use the savings to ensure vulnerable patients have access to needed medicines. But the 340B program has strayed far from its safety-net purpose. Instead, it creates incentives that drive up health care costs and it boosts the bottom lines of hospitals and for-profit pharmacies instead of helping patients.

Here's a look at how 340B is driving up patient costs, by the numbers:

The prescribing practices of 340B hospitals are driving up costs for patients, payers and the health care system as a whole.

7X

340B hospitals collect 7 times as much as independent physician offices for the sale of medicines administered to commercially insured patients.

150%

The average cost of an outpatient medicine administered at a 340B hospital was more than 150% higher than the average cost of an outpatient drug administered at a non-340B hospital.

$5.2B

340B increases medicine costs for self-insured employers by 4.2%, relative to if the program didn't exist. This translates into annual increased health care costs of $5.2 billion.

There is little evidence that the 340B program is improving health care access for patients most in need.

65%

An analysis found 65% of 340B disproportionate share hospitals (DSH) provide less charity care than the national average for all hospitals.

1.4%

An analysis of contract pharmacy claims for brand medicines only found evidence that patients were directly receiving a discount for 1.4% of prescriptions eligible for 340B.

38%

Multiple studies confirm that the expansion of 340B entities tends to be in less diverse, higher income neighborhoods – not in areas with high unmet medical needs. Just 38% of 340B DSH hospitals are in medically underserved areas.

For-profit companies and large consolidated hospital systems benefit more from 340B than patients.

50%

Nearly half of the top 25 companies on the Fortune 500 generate profit from 340B.

37%

340B nonprofit hospitals' average profitability was estimated to be 37% higher than the average across all hospitals.

After factoring in the steep 340B manufacturer discounts, the net price 340B hospitals pay for medicines can be as low as one penny. The problem? The difference between the gross price and net price is kept by hospitals and others in the supply chain. We need to fix 340B so it helps more patients as it was originally intended.

Learn more at **PhRMA.org/340B**

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