

Growing Momentum to Address the 340B Hospital Markup Program



When Hospitals Have a Blank Check to Markup Medicines, Everyone Pays the Price.

Big, tax-exempt hospitals and clinics are abusing a little-known federal program to charge huge markups on medicines – sometimes up to 1000% or more – to boost their profits, while they pass the bill to patients, taxpayers and employers through higher drug costs. They get away with this by exploiting, sometimes illegally, the 340B hospital markup program.

But policymakers, patients, the media and researchers are taking notice. Stakeholders across the country are highlighting why 340B reform is needed and taking steps to address program abuses that are raising costs for everyone. It's time for Congress to fix 340B.



The Growing Body of Evidence Against the 340B Hospital Markup Program

1,000%

Hospitals may mark up medicines by as much as 1000% or more.¹

200%

The average cost per prescription for commercially insured patients is nearly 200% higher at 340B hospitals than at non-340B hospitals.²

2x

340B hospitals are twice as likely to say they will deny or defer care for patients with medical debt.³

\$36 B

The 340B hospital markup program results in roughly \$36 billion a year in extra hospital spending by employers, inflating prices for working families.⁴

\$1.4 B

Federal tax revenue was reduced by \$1.4 billion and state/local taxes by \$400 million in 2021 due to lost rebates on 340B medicines.⁵



"Financial gains for hospitals have not been associated with clear evidence of expanded care or lower mortality among low-income patients."

— [New England Journal of Medicine](#)



State Media Spotlighting Abuses

CRAIN'S
CHICAGO
BUSINESS

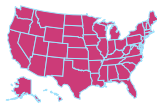
[The 340B law does allow hospitals to mark up the price of discounted drugs when billing payers.](#)

Indiana CAPITAL CHRONICLE

[Hospitals take heat during dueling health care hearings.](#)

CRAIN'S
NEW YORK BUSINESS

[Lawmakers call for more transparency to ensure 340B is working.](#)



Nationwide Pressure for Federal Reform



"Some things are worth getting mad about..."

Now we know that hospitals are getting rich on the backs of cancer patients, state employees and taxpayers."

— [North Carolina former State Treasurer Dale R. Folwell](#)



"[S]tudy after study has shown that large hospital systems and big pharmacies are the primary beneficiaries of 340B discounts. And **these entities are pocketing the profits at the expense of low-income patients.**"

— [Howard Dean, former chair of the Democratic National Committee and former governor of Vermont](#)



"I'm thankful that Congress is picking this up..."

Anytime we put something in place 30 years ago, 40 years ago, and we sit on it, and we assume that it needs to just continue on and not be upgraded, updated, touched, edited, I think that's foolishness."

— [Nebraska State Senator Brian Hardin](#)



"[Kentucky State Senator Stephen Meredith] has said he agrees **overall change must come from Congress**, which is considering proposals to tighten controls and improve oversight of the 340B program."

— [Kentucky Lantern](#)



National Media Spotlighting Program Abuses

**The
New York
Times**

[*How a Company Makes Millions Off a Hospital Program Meant to Help the Poor*](#)

WSJ

[*Many Hospitals Get Big Drug Discounts. That Doesn't Mean Markdowns for Patients.*](#)

**The
New York
Times**

[*How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits*](#)

It's time for Congress to take action.

In March 2025, Senators Jerry Moran (R-Kan.), Tammy Baldwin (D-Wis.) and Shelley Moore Capito (R-W. Va.) welcomed Sens. Tim Kaine (D-Va.), Markwayne Mullin (R-Okla.) and John Hickenlooper (D-Colo.) to the bipartisan [group of six senators](#) focused on advancing bipartisan policy solutions that would make certain the 340B program can continue to achieve its intended goal of supporting hospitals serving vulnerable populations like rural communities.

Senator Bill Cassidy (R-La.), the Chair of the Senate Health, Education, Labor, and Pensions (HELP) Committee released an investigative report on the program. This investigation includes data from [hospitals](#), [community health centers](#), [contract pharmacies](#) and [manufacturers](#) and concludes that **federal 340B reforms are necessary to ensure patients benefit from the program.**

There's bipartisan momentum in Congress to fix 340B.

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"This is the reverse Robin Hood. Steal from the poor to pay the rich."

— [Rep. Morgan Griffith \(R-Va.\)](#)

If patients aren't benefiting, where's the money going?

Sources: 1. [The New York Times](#) 2. [Milliman](#) 3. [National Consumers League](#) 4. [National Alliance of Healthcare Purchaser Coalitions](#) 5. [Magnolia Market Access](#)