



MANY 340B HEALTH CENTERS GET BIG DISCOUNTS ON RX – THAT DOESN'T MEAN MARKDOWNS FOR PATIENTS

UNCONTROLLED GROWTH

North Carolina Department of State Treasurer invited researchers to analyze North Carolina's State Health Plan medical claims data on outpatient oncology infusion drugs. With researchers from the University of Minnesota, the State Health Plan also analyzed data from the U.S. Health Resources and Services Administration, socioeconomic data from the U.S. Census Bureau's American Community Survey, hospital audited financial statements, and Medicare Cost Report data from the National Academy for Health Care Policy's Hospital Cost Tool. The [recently released a report finding](#) that entities in the 340B Drug Pricing Program are charging 5.4 times the discounted acquisition costs of oncology drugs.

THE BACKGROUND

While the federal 340B Drug Pricing Program was originally created by Congress in 1992 to ensure more affordable healthcare services and medicines to patients in need, the necessary and vital program has unfortunately diverted from its original intention – instead boosting the bottom lines of large, corporate entities and for-profit pharmacies.

THE FINDINGS

5.4x

340B entities billed the North Carolina state health plan 5.4 times their discounted acquisition costs for 340B medicines.

85%

340B entities collected a price markup of almost 85% compared to entities outside of the program.

12x

340B entities are charging more than 12 times the acquisition costs of oncology drugs and collecting more than \$6,000 per claim.

\$13,600

340B entities profited more than \$13,600 on a melanoma drug called Pembrolizumab per claim.

THE CONCERN

With [cancer care in the United States](#) costing an average of more than \$43,500 for initial care, more than \$5,500 for continuing care, and more than \$109,700 for care during the last year of life, this recent report is a huge worry to cancer patients, their loved ones, and oncology practitioners in the fight against cancer.

While this report focuses on North Carolina, we know these findings are likely happening in every state.

Today, 340B entities often record higher net profits than non-340B entities and the vast majority of 340B entities do not provide enough charity care to equal the value of their tax exemptions. An [analysis](#) examined operating margins and charity care levels of 340B hospitals, finding the top performing 340B hospitals collected nearly \$10 in profit for every \$1 they invested in charity care in 2021.

Nearly 60% of all U.S. hospitals participate in the 340B program total, totaling nearly 3,000 entities nationwide. 340B entities have a significant number of contracts with pharmacies to dispense 340B medicines, totaling more than 205,000 contract pharmacy arrangements, often in wealthy neighborhoods rather than medically underserved areas.

With the findings in this recent report, on top of a [federal investigation](#) into the program by Senator Bill Cassidy, it is clear that 340B program expansion at the state-level is premature. The 340B program needs to get back on track to helping patients in need. It's time for Congress to pass comprehensive federal reform of the 340B program.