American Hospital Association™

Advancing Health in America

340B Drug Pricing Program

April 18, 2026
NCOIL Spring Meeting

Why was the 340B Program created?

Drug prices have risen three times faster than the rate of inflation.

Producer Price Index: pharmaceuticals vs. all commodities, 1985–2024

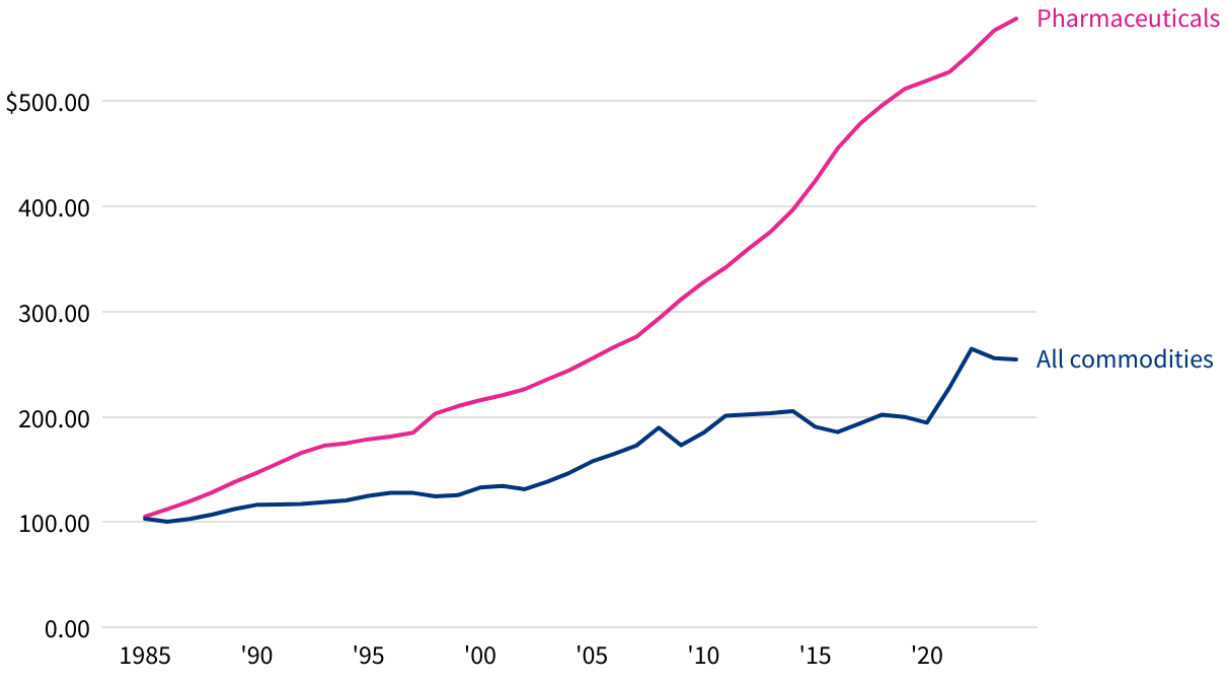


Chart: Federal Reserve Bank of St. Louis • Source: FRED

Drug	2015 List Price (USD)	2020 List Price (USD)	2025 List Price (USD)	% Change 2015–2025
Humira (adalimumab)	$1,900	$4,200	$6,900	**263%**
Imbruvica (ibrutinib)	$10,100	$16,500	$22,000	**118%**
Revlimid (lenalidomide)	$5,600	$9,100	$13,700	**145%**
EpiPen	$130	$360	$550	**323%**

American Hospital Association™

Advancing Health in America

What is the 340B Program?

- *Purpose: "…stretch scarce federal resources as far as possible, reaching **more** eligible patients and providing **more** comprehensive services."* *H.R. Rep. No. 102-384(II), at 12 (1992)*

- Requires drug companies to offer discounted pricing on certain **outpatient** drugs to certain hospitals and other providers that care for large numbers of underserved populations.

- Law recognizes ability for each 340B provider to use savings to address unique needs of *all* their patients.

- **340B discounts are NOT FUNDED by taxpayer dollars.**

American Hospital Association™
Advancing Health in America

How are 340B savings defined?

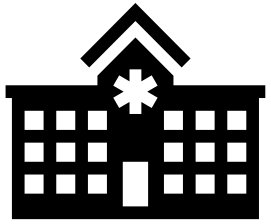
- 340B savings are the difference between what a 340B provider would have paid to acquire a drug outside of the 340B program compared to what the 340B provider paid under the 340B program.

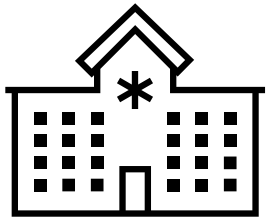
- 340B savings are **NOT** tied to insurance reimbursement.
  - Public and private insurers generally pay the same rate for a 340B or non-340B drug

What do 340B savings look like?

Scenario 1: Drug company chooses not to increase the drug's price

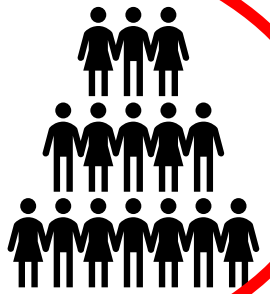
340B DISCOUNT = 23.1%





	Hospital A (340B)	Hospital B (Not 340B)
Drug List Price	$100,000	$100,000
Acquisition Price (340B, GPO, etc.)	$76,900	$80,000
Payer Reimbursement	$85,000	$85,000
Net Margin	$8,100	$5,000
340B Savings (difference in net margin)	$3,100	N/A

340B savings are used to directly benefit patients



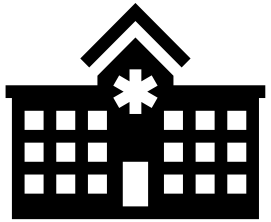
American Hospital Association™

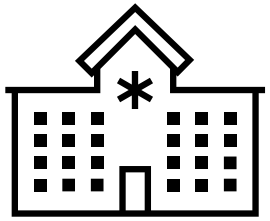
Advancing Health in America

What do 340B savings look like?

Scenario 2: Drug company chooses to increase the drug's price faster than inflation

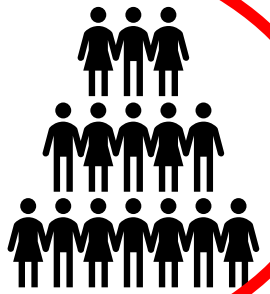
340B DISCOUNT = 50%





	Hospital A (340B)	Hospital B (Not 340B)
Drug List Price	$100,000	$100,000
Acquisition Price (340B, GPO, etc.)	$50,000	$80,000
Payer Reimbursement	$85,000	$85,000
Net Margin	$35,000	$5,000
340B Savings (difference in net margin)	$30,000	N/A

340B savings are used to directly benefit patients



American Hospital Association™

Advancing Health in America

Value of 340B is not just about charity care

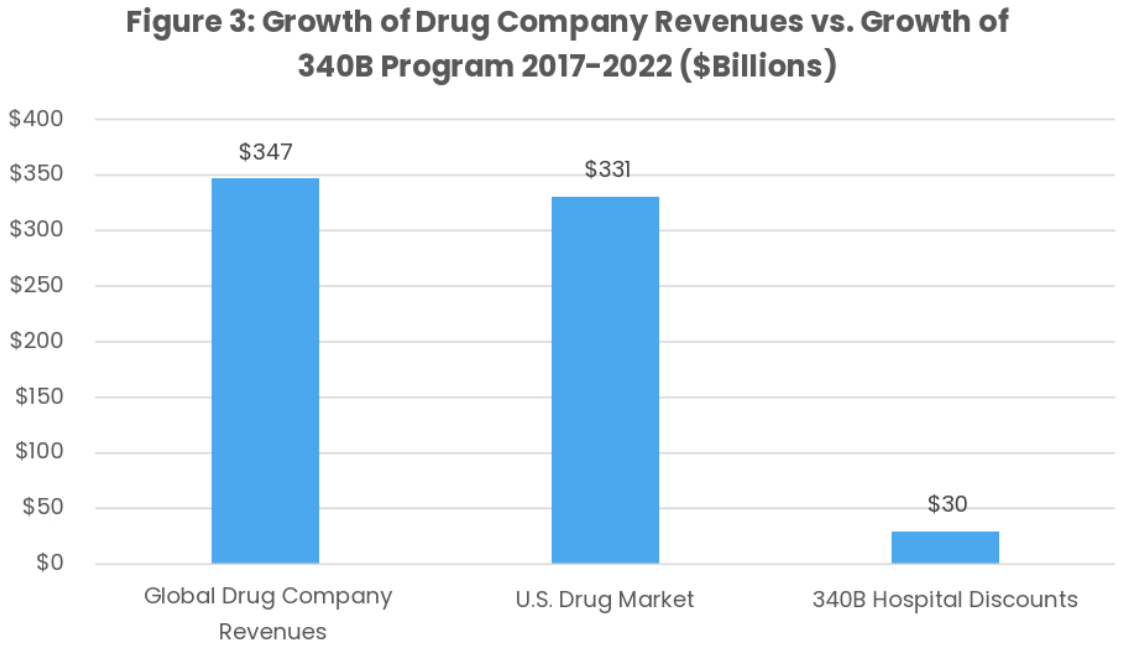
- Disincentivizes "Big Pharma" from raising drug prices further
- Funds access to specialty services for underserved communities
- Maintains access to essential services that are "money-losing" (OB, behavioral health, trauma care)
- Lowers out-of-pocket costs for prescription drugs for underserved patients
- Maintains or expands uncompensated & unreimbursed care
- Maintains or expands charity care
- Maintains or expands access to wraparound services (transportation, translation, social services)
- Keeps hospital's doors open to maintain access to care
- Funds community support programs

American Hospital Association™

Advancing Health in America

340B growth is due to many reasons

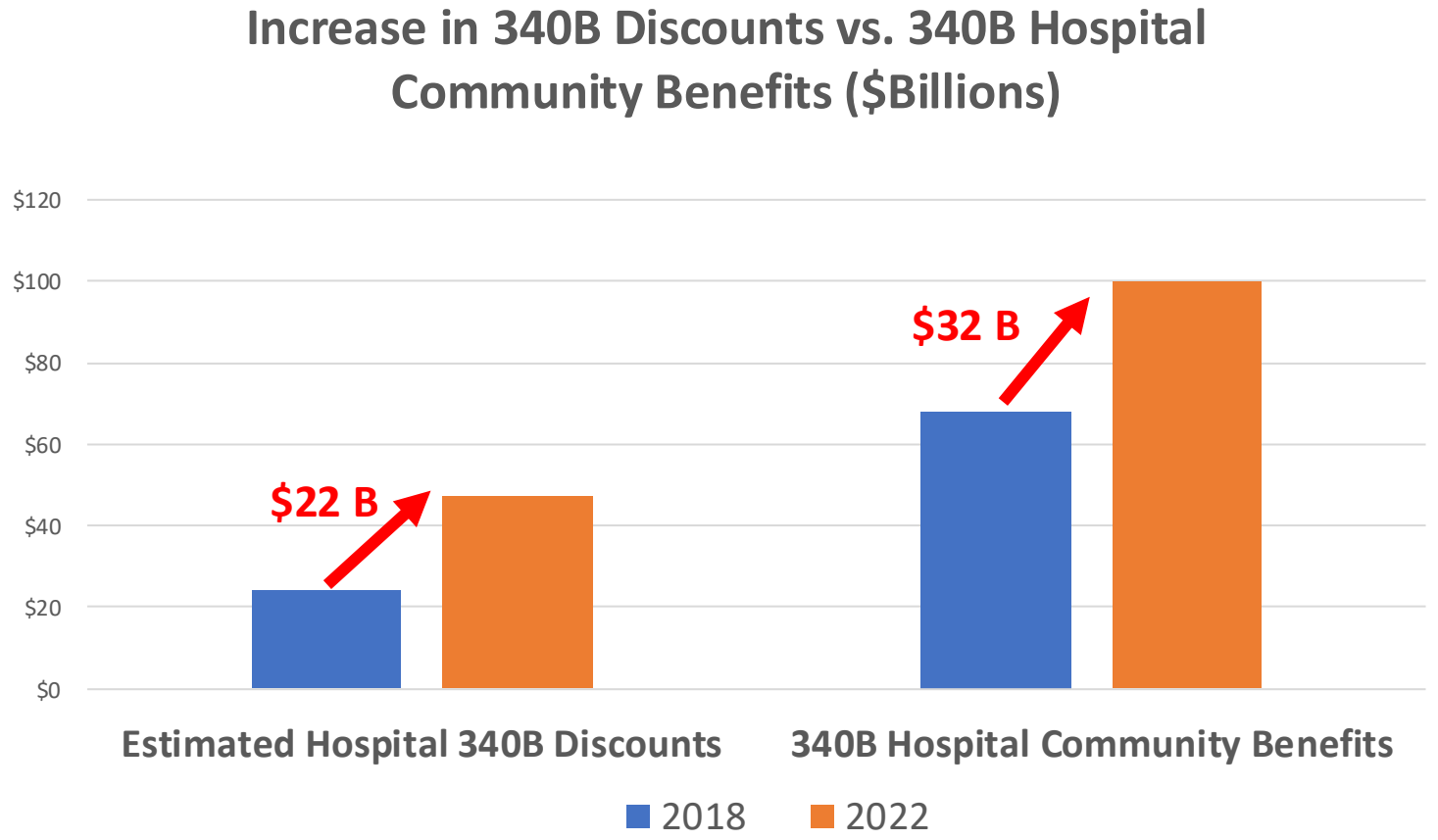
- High and increasing drug prices
- Growth of high-cost specialty drugs
- Shifts from inpatient care to outpatient care
- Scientific advancements have led to drugs substituting for complex medical procedures
- Congressional actions to expand reach of 340B



American Hospital Association™
Advancing Health in America

As 340B has grown, so have the benefits

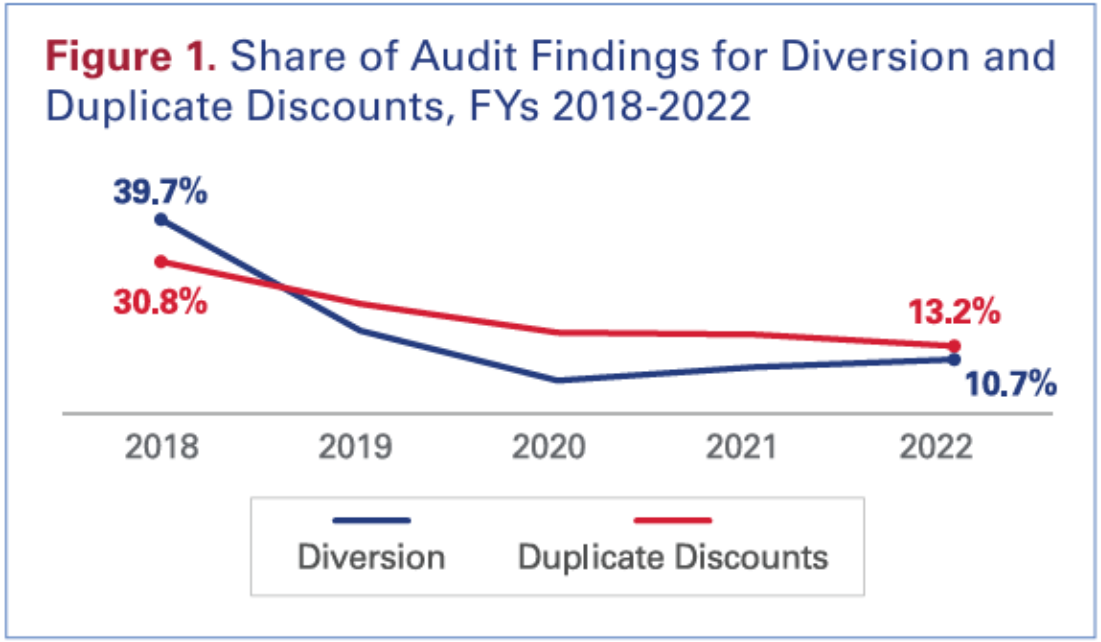
*In 2022, for every **$1** in 340B discounts a hospital received, they provided more than **$2** in benefits to the communities they serve.*



American Hospital Association™
Advancing Health in America

Program integrity concerns are unfounded

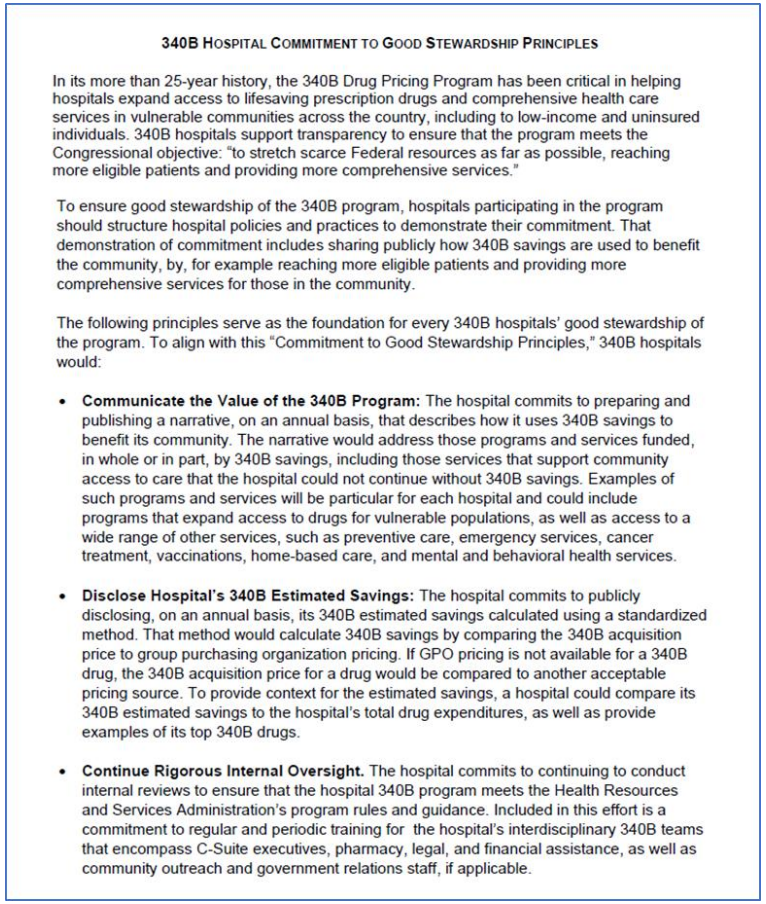
- Drug companies allege rampant 340B program abuse, but their proffered data is outdated.
  - ➢House Energy & Commerce Comm., Review of the 340B Drug Pricing Program 36 (Jan. 10, 2018).
  - ➢GAO, GAO-18-480, Drug Discount Program: Federal Oversight of Compliance at 340B Contract Pharmacies Needs Improvement 15–16, 23–26 (June 2018).
- HRSA audits **6% of 340B hospitals** annually, but only **0.6% of drug companies**



American Hospital Association™
Advancing Health in America

340B hospitals are committed to transparency

- AHA Good Stewardship Principles provides a framework for transparency
- Three Principles:
  - ➢**Communicate Value of the 340B Program**
  - ➢**Disclose Estimated 340B Program Savings**
  - ➢**Continue to Perform Rigorous Internal Review**
- Currently ~1,300 hospitals have signed on
- List is publicly available on AHA website



340B HOSPITAL COMMITMENT TO GOOD STEWARDSHIP PRINCIPLES

In its more than 25-year history, the 340B Drug Pricing Program has been critical in helping hospitals expand access to lifesaving prescription drugs and comprehensive health care services in vulnerable communities across the country, including to low-income and uninsured individuals. 340B hospitals support transparency to ensure that the program meets the Congressional objective: "to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."

To ensure good stewardship of the 340B program, hospitals participating in the program should structure hospital policies and practices to demonstrate their commitment. That demonstration of commitment includes sharing publicly how 340B savings are used to benefit the community, by, for example reaching more eligible patients and providing more comprehensive services for those in the community.

The following principles serve as the foundation for every 340B hospitals' good stewardship of the program. To align with this "Commitment to Good Stewardship Principles," 340B hospitals would:

- **Communicate the Value of the 340B Program:** The hospital commits to preparing and publishing a narrative, on an annual basis, that describes how it uses 340B savings to benefit its community. The narrative would address those programs and services funded, in whole or in part, by 340B savings, including those services that support community access to care that the hospital could not continue without 340B savings. Examples of such programs and services will be particular for each hospital and could include programs that expand access to drugs for vulnerable populations, as well as access to a wide range of other services, such as preventive care, emergency services, cancer treatment, vaccinations, home-based care, and mental and behavioral health services.

- **Disclose Hospital's 340B Estimated Savings:** The hospital commits to publicly disclosing, on an annual basis, its 340B estimated savings calculated using a standardized method. That method would calculate 340B savings by comparing the 340B acquisition price to group purchasing organization pricing. If GPO pricing is not available for a 340B drug, the 340B acquisition price for a drug would be compared to another acceptable pricing source. To provide context for the estimated savings, a hospital could compare its 340B estimated savings to the hospital's total drug expenditures, as well as provide examples of its top 340B drugs.

- **Continue Rigorous Internal Oversight.** The hospital commits to continuing to conduct internal reviews to ensure that the hospital 340B program meets the Health Resources and Services Administration's program rules and guidance. Included in this effort is a commitment to regular and periodic training for the hospital's interdisciplinary 340B teams that encompass C-Suite executives, pharmacy, legal, and financial assistance, as well as community outreach and government relations staff, if applicable.

American Hospital Association™

Advancing Health in America

What can states do to protect 340B?

- Prohibit drug companies from restricting drug delivery through 340B contract pharmacies
- Transparency should be **equally applied across all stakeholders**
  - ➢Require drug companies to disclose price increases in advance
  - ➢Require drug companies to justify any price increase through real data and evidence
  - ➢Require drug companies to provide itemized costs for production and sales
- Any reporting requirements should minimize burden on 340B hospitals
- Prohibit PBMs from 340B discriminatory pricing practices

American Hospital Association™
Advancing Health in America

Contact Me

Bharath Krishnamurthy

Director, Pharmaceutical Policy

American Hospital Association

bkrishnamurthy@aha.org

American Hospital Association™

Advancing Health in America