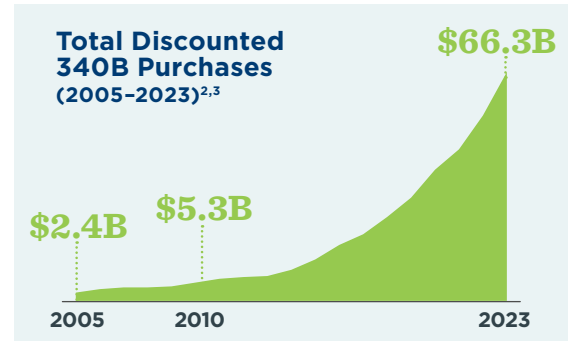


# 340B Raises Health Care Costs for Louisiana Businesses

The 340B Drug Pricing Program has grown from a small program for safety-net providers into a massive arbitrage opportunity for corporate health care systems to drive up costs without meaningfully benefiting the vulnerable communities it was intended to serve.

Today, 340B is the second-largest federal drug program behind Medicare Part D.<sup>1</sup> Providers purchased over \$66B of medicines in 2023 at discounted 340B prices. The full price of those medicines was \$124B, meaning 340B providers received approximately \$58B in 340B profits.<sup>2</sup>

With no transparency in the program for hospitals, it is impossible to know whether these funds are benefiting patients—even as they drive up costs for employers and working families.



## 340B COSTS EMPLOYERS BILLIONS

340B allows participating hospitals to “buy low and sell high.” The program allows them to purchase medicines at a steep discount and charge insured patients the full price, which results in profits at the expense of employers and working families. This practice increases health care costs and encourages consolidation<sup>3</sup> since hospitals can acquire outpatient physician practices and contract with PBMs and chain pharmacies to boost profits.

**5.4×**

the average markup to oncology drugs billed to one large state health plan<sup>4</sup>

**>70%**

of hospital acquisitions are by 340B systems<sup>3</sup>

**\$16 out of \$100**

in 340B goes to PBMs, pharmacy chains and consultants<sup>5</sup>



### 340B HOSPITALS IN LOUISIANA

- Nearly one-third of the 253 hospitals in the state participate in the 340B program.<sup>6,7</sup>
- Most (79%) hospitals in Louisiana deliver less charity care than the national average.<sup>8</sup>
- Louisiana 340B hospitals hold 2,140 contract pharmacy arrangements, 47% of which are located outside of the state.<sup>8</sup>
- More than half of Louisiana’s contract pharmacies are located in high income areas.<sup>9</sup>



### EMPLOYERS IN LOUISIANA

- 340B encourages providers to prescribe more and higher-priced drugs.<sup>10</sup>
- 340B increases health care costs by \$59 per beneficiary due to lost rebates, raising overall health care costs by more than \$103 million per year for Louisiana businesses and families.<sup>11</sup>

## COMPREHENSIVE 340B REFORMS ARE NEEDED TO:



Promote transparency and accountability in the program.



Provide affordability protections for patients and employers.



Ensure the program is helping the vulnerable patients it was meant to serve.

<sup>1</sup> HRSA

<sup>2</sup> Drug Channels Institute and IQVIA

<sup>3</sup> Avalere

<sup>4</sup> North Carolina Treasurer Report

<sup>5</sup> Minnesota Department of Health

<sup>6</sup> Definitive Healthcare

<sup>7</sup> HRSA OPAIS Database

<sup>8</sup> AIR340B

<sup>9</sup> Pioneer Institute

<sup>10</sup> JAMA

<sup>11</sup> IQVIA