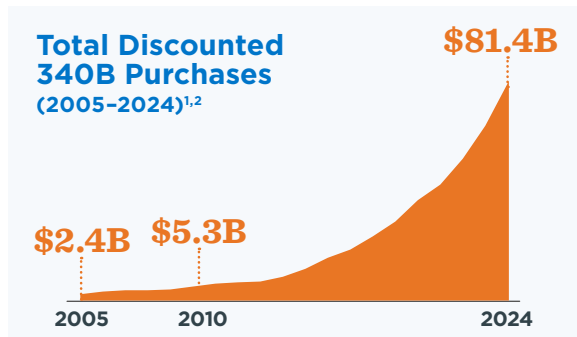


# 340B Raises Healthcare Costs for Ohio Businesses

The 340B Drug Pricing Program has grown from a small program for safety-net providers into a massive arbitrage opportunity for corporate healthcare 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 \$81B of medicines in 2024 at discounted 340B prices. The full price of those medicines was nearly \$148B, meaning 340B providers received approximately \$66B in 340B profits.<sup>2</sup>

With few transparency requirements in the program for hospitals, it is impossible to know whether these funds are benefiting patients. Two Ohio health systems faced scrutiny in a recent investigation by the Senate HELP Committee – including the Cleveland Clinic, which generated nearly \$1B in 340B revenue from 2020 to 2023 – highlighting concerns about hospitals' use of program revenue and questions about whether 340B is improving affordability.<sup>3</sup>



## 340B COSTS EMPLOYERS BILLIONS

340B allows participating hospitals to “buy low and sell high.” Participating hospitals 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 healthcare costs and encourages consolidation<sup>4</sup> since hospitals can acquire outpatient physician practices and contract with vertically and horizontally consolidated PBMs and chain pharmacies to boost profits.

**>70%**

of hospital acquisitions are by 340B systems<sup>4</sup>

**\$1B**

in excess costs to state employee health plans<sup>5</sup>

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

in 340B revenue goes to PBMs, pharmacy chains and consultants<sup>6</sup>



### 340B HOSPITALS IN OHIO

- Approximately half of Ohio's hospitals participate in the 340B program.<sup>7,8</sup>
- 70% of hospitals in Ohio provide below-average levels of charity care.<sup>9</sup>
- Ohio's 340B hospitals hold 3,411 contracts with 340B pharmacies, 38% of which are out of state.<sup>9</sup>
- Over half of Ohio's contract pharmacies are located in high-income areas.<sup>10</sup>



### EMPLOYERS IN OHIO

- 340B encourages providers to prescribe more and higher-priced drugs.<sup>11</sup>
- 340B increases healthcare costs by \$48 per beneficiary due to lost rebates, raising overall healthcare costs by nearly \$275 million per year for Ohio businesses and families.<sup>12</sup>
- State health plans are charged an average of 160% over acquisition cost for 340B drugs.<sup>5</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> Senate HELP Committee

<sup>4</sup> Avalere

<sup>5</sup> IQVIA

<sup>6</sup> Minnesota Department of Health

<sup>7</sup> HRSA OPAIS Database

<sup>8</sup> Ohio Hospital Association

<sup>9</sup> AIR340B

<sup>10</sup> Pioneer Institute

<sup>11</sup> JAMA

<sup>12</sup> IQVIA



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