



Dear Staff,

The 340B Drug Pricing Program was designed to help the most vulnerable patients access the treatments they need. Unfortunately, the uncontrolled growth of 340B contract pharmacies has succeeded only in helping hospitals and for-profit pharmacy chains access record-breaking profits. **The number of 340B-contracted pharmacies has grown by more than [2,400%](#) since 2010.** And instead of working to pass 340B discounts directly to patients, these pharmacy chains are working to squeeze profits out of this program. In 2023 alone, **contract pharmacies captured [\\$10 billion](#) in 340B profits**, boosting margins for CVS, Walgreens, UnitedHealth, and other parent companies.

As lawmakers consider ways to bring transparency and accountability to the 340B program and ensure that the program is serving the vulnerable communities it is intended to serve, it is crucial to keep three things in mind:

1. **Patients bear the costs of record-breaking 340B profits for hospitals and pharmacies.** In 2023, commercially insured patients paid for [one-third](#) of all 340B profits earned by hospitals and contract pharmacies. If a patient has a high deductible, they could pay for 100% of the savings that become private sector profits.
2. **Surging 340B spending has not translated to better care in vulnerable communities.** The share of hospital resources that go toward charity care has [declined](#) in recent years, and [77%](#) of non-profit hospitals now spend less on charity care than they receive in tax breaks. Moreover, [studies](#) show new contract pharmacies are heavily concentrated in affluent, predominantly white communities, not the historically vulnerable areas they are meant to serve.
3. **Middlemen, like pharmacy benefit managers (PBMs), drain money out of the program for their own financial benefit.** 340B hospitals contract with pharmacies – often located at great distances from the hospital – to fill patients’ medicine needs. PBMs benefit from this aspect of the program because PBMs own the vast majority of pharmacies. When 340B hospitals loop in more and more pharmacies to

financially benefit from the system, middlemen are also making a profit from these arrangements.

It's time we put patients first. We must increase oversight of 340B-covered hospitals and contract pharmacies to ensure patients benefit from this much-needed program. To learn more, please visit 340Breform.org.

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