

For-Profit Pharmacies Make Billions Off 340B Program Without Clear Benefit to Patients

A recent Berkeley Research Group analysis explored the staggering side effects of contract pharmacy expansion on the 340B program over the past 10 years. The misguided guidance that allowed 340B entities to contract with an unlimited number of for-profit retail pharmacies ultimately allowed for-profit vendors, pharmacies and pharmacy benefit managers to exploit the program.

\$13 Billion

generated in estimated gross profits for 340B covered entities and their contract pharmacies from 340B purchased medicines in 2018.

4,228%

growth in contract pharmacy arrangements in 10 years.

>50%

of 340B profits generated by contract pharmacies are retained by four for-profit corporations.



Here's an example of how it works:



Uninsured patient gets sick



Uninsured patient gets treated at a 340B hospital



Patient goes to 340B contract pharmacy and fills prescription at full retail price (example: \$100)



Afterward, the hospital gets a discount (example: \$50 though it could be higher) from drug manufacturer, which it can share with the pharmacy

Patient may not see any benefit

Average Profit Margin

22%

Non-340B medicines dispensed through independent pharmacies

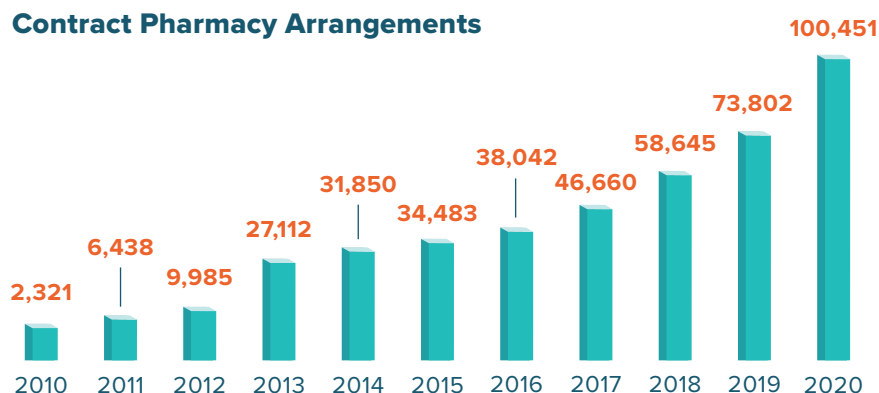


72%

340B medicines dispensed through contract pharmacies



Contract Pharmacy Arrangements



Note: HRSA Data, April 1, 2010 to April 1, 2020

Reforms are needed to ensure the program reaches the vulnerable and uninsured patients it was intended to help.

Learn more at PhRMA.org/340B

Berkeley Research Group, "For-Profit Pharmacy Participation in the 340B Program," October 2020.