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.

>5,000%

growth in contract pharmacy arrangements since 2010.

>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 often doesn’t see any of the discount

Average Profit Margin

72%

22%

Non-340B medicines dispensed through independent pharmacies

340B medicines dispensed through contract pharmacies

Contract Pharmacy Arrangements

6,118 40,303 127,476

2010 2015 2021

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

Learn more at PhRMA.org/340B