PBM and Chain Pharmacies Make Billions Off 340B Program Without Clear Benefit to Patients

A Berkeley Research Group analysis explored the staggering side effects of pharmacy benefit managers’ (PBMs) 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 PBMs to exploit the program.

- >8,500% growth in the number of contracts with pharmacies since 2010.
- >50% of 340B profits generated by contract pharmacies go to just four PBM and pharmacy corporations.

Here’s an example of how it works:

Uninsured patient gets sick

Uninsured patient gets treated at a 340B hospital

Patient goes to a PBM-owned, 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% for 340B medicines dispensed through contract pharmacies
- 22% for Non-340B medicines dispensed through independent pharmacies

Contract Pharmacy Arrangements

- 2010: 2,321
- 2015: 40,303
- 2024: 205,340


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

Learn more at PhRMA.org/340B