



# What's Ahead for 340B in 2026

Presented to: NAIC

December 15, 2025

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CONFIDENTIAL

# Agenda

## 340B Overview

### 2026 Forecast:

- 2024 Covered Entity Drug Spend
- State Report Publications
- Rebate Pilot
- Federal

# 340B Program Basics

Congress envisioned 340B as a small safety-net program.

## What is 340B?

An outpatient drug program administered by the federal government **intended to help vulnerable patients gain better access to medicines** at certain qualifying hospitals and clinics.

## Who is eligible to participate in 340B?

340B covered entities are defined in federal law and include **certain qualifying hospitals** (e.g., DSH, children's and rural hospitals) **and safety-net clinics** (e.g., community health centers), known as grantees.

## Why was 340B created?

To **address unintended consequences of the 1990 Medicaid drug rebate statute** by reinstating discounted pricing manufacturers had voluntarily provided to certain safety-net clinics and hospitals.

## How does 340B work?

**Manufacturers are required to sell medicines at a reduced price to covered entities** who Congress envisioned would use the money saved to help patients. 340B prices are, on average, 57% below the list price.

# Sales at the 340B Price Have Skyrocketed

Breaking: The 340B program continues to grow more than 20% year-over-year.

## 2<sup>nd</sup>

340B is the **second largest prescription drug program administered by the federal government**, behind only Medicare Part D

Larger than Medicare Part B, Medicaid and VA / Tricare / DOD

Berkeley Research Group, "Measuring the Relative Size of the 340B Program: 2020 Update," June 2022

## \$81 Billion

Purchases at the 340B discounted price in 2024, **22% higher than in 2023**

Hospitals accounted for 87% of program purchases

HRSA, 2024 Covered Entity Purchases

## What is Driving 340B Growth: Utilization or Price?

When measured at the 340B price, utilization drove the entirety of growth, with declining prices paid by covered entities offsetting some of the growth in spending due to utilization.

**2x**

340B sales grew twice as fast as non-340B medicine sales between 2018-2023.

**80%**

80% of the observed growth in 340B sales measured at list price was due to increased volume.

**90%**

90% of 340B sales measured at the discounted price were for specialty medicines.

# 340B Drives Up Costs for States



Employers

**\$6.6 billion**

in extra drug costs for employers due to forgone rebates on 340B priced prescriptions



State & Local Health Plans

**\$1.0 billion**

in extra drug costs for state and local health plans due to forgone rebates on 340B priced prescriptions

# Patients often pay more as a result of the 340B program

340B price reductions are not required to be shared with patients. In fact, **patients can be charged multiple times** what the hospital or clinic paid for the medicine. Perverse incentives further increase the costs for patients.

Source: Robinson, J. C., Whaley, C., & Dhruva, S. S. (2024). Hospital Prices for Physician-Administered Drugs for Patients with Private Insurance. *New England Journal of Medicine*, 390(4), 338-345.



Higher out-of-pocket costs

Increasing drug prices

More expensive hospital settings and treatments

Higher premiums, eroding wage growth

# With No Program Transparency, 340B Visibility Comes Almost Exclusively from State Investigations



North Carolina State Treasurer's Report

340B hospitals billed state employees an average **markup of 5.4x for cancer medicines**, generating as much as **\$13,617 in profits** per claim.



Minnesota 340B Transparency Report

**Large MN hospitals make up 80% of 340B revenue**, but just 13% of reporting entities in the state. TPAs and other external parties **received \$16 out of every \$100**.



**340B providers are being reimbursed above their self-reported costs** for prescriptions of 340B covered drugs in the Medicaid program.



# More 340B Transparency Reporting

At least 6 other states have statutorily mandated publication dates in 2026.

2026

- Colorado
- Idaho
- Indiana
- Maryland
- Ohio
- Rhode Island

2027

- Hawaii

No Deadline

- Maine
- Vermont

# Overview of Current Federal 340B Landscape

## “Gang of Six” Bipartisan Senate Working Group

### Reconstituted “Gang of Six”



Shelly Moore  
Capito (R-WV)



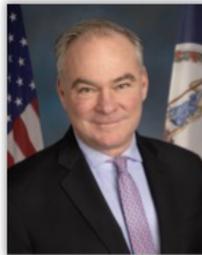
Jerry Moran (R-  
KS)



Markwayne  
Mullin (R-OK)



Tammy Baldwin  
(D-WI)



Tim Kaine  
(D-VA)



John Hickenlooper  
(D-CO)

### Activity Last Congress

- **June 2023:** Working Group released RFI on ways to improve 340B through bipartisan policy solutions
- **Feb. 2024:** Working Group released a legislative discussion draft and supplemental RFI

### 2025 Activity in Senate

- **March 2025:** Updated Working Group announced
- **April 2025:** Senate HELP Committee released 340B Investigative Report
- **Oct. 2025:** Senate HELP Committee holds 340B hearing

## Senate HELP Majority 340B Investigative Report Calls for Congressional Action

Details findings from multi-year investigation into how covered entities use and generate revenue from 340B.

“This investigation underscores that there are transparency and oversight concerns that prevent 340B discounts from translating to better access or lower costs for patients. **Congress needs to act to bring much-needed reform to the 340B Program.** I look forward to continuing my efforts to bring transparency and improvements to the 340B Program.”

- U.S. Senator Bill Cassidy, M.D. (R-LA), Chair of the Senate HELP Committee



## CONGRESS MUST ACT TO BRING NEEDED REFORMS TO THE 340B DRUG PRICING PROGRAM

MAJORITY STAFF REPORT



APRIL 2025

Senate Committee on  
**Health Education Labor & Pensions**  
Senator Bill Cassidy, M.D., Chair

# HRSA 340B Rebate Pilot

**A first step to increase transparency and program integrity.**

- On July 31, 2025, HRSA announced a voluntary rebate model pilot for manufacturers of IPAY 2026 price-set drugs.
- Pilot is scheduled to begin January 1, 2026.
- Applies to all IPAY 2026 price-set drugs across all covered entity types, regardless of payer.
- HRSA approved rebate model plans for all eligible manufacturers. Approved plans for 9 drugs have a January 1 effective date and one has an April 1 effective date.
- Rebate amount is standard acquisition cost (i.e., WAC) minus the statutory 340B ceiling price.
- Manufacturers cannot deny a 340B rebate based on concerns about Medicaid deduplication or diversion and must document the reason a rebate claim is denied (e.g., for deduplication of Maximum Fair Price or if a rebate on the claim was already provided to another covered entity).
- American Hospital Association and others filed a lawsuit December 1 to block pilot.

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