

New Yorkers Deserve 340B Transparency and Accountability

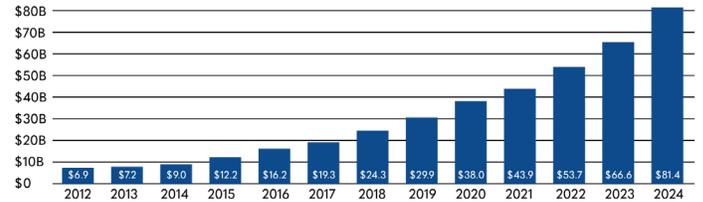


New York legislation, including A6222 and SB1913, would raise costs for government programs, payors, and patients. Transparency legislation offers a constructive solution. Senate Bill S8380 would require hospitals to report 340B revenues to the New York State Department of Health.

In New York large tax-exempt hospitals, pharmacy benefit managers (PBMs), and retail pharmacies increasingly use the program to pad their bottom lines.

They profit by getting huge 340B discounts on drugs and selling them at full price at the expense of Medicaid, employers, unions, and taxpayers with little evidence that patients benefit.¹

340B Covered Entity Purchases since 2012



Source: [Health Resources & Services Administration: 2024 340B Covered Entity Purchases](#)

\$↑ 340B Drives Higher Costs for New Yorkers

The Congressional Budget Office (CBO) shows that 340B “encourages behaviors that tend to increase federal spending.” It leads to higher costs for New York employers, unions, patients, and taxpayers because they don’t get other discounts that would benefit them directly, and because PBMs push drugs that increase 340B profits.²

\$391

340B hospital and grantee participation between 2014 and 2021 increased overall Medicaid spending by \$391 per enrollee.³

\$36B

Increased prices on 340B drugs leads to \$36 billion a year in extra hospital spending by employers.⁴

\$446M

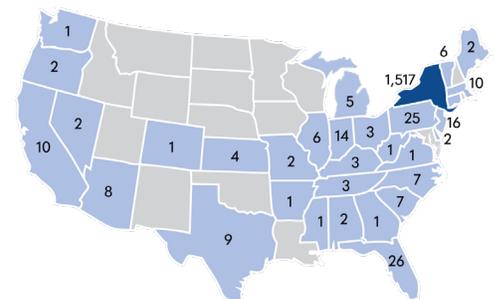
IQVIA reports that the 340B Program costs New York employers \$446 million and state and local governments \$81 million in lost rebates each year.⁵

💰 Hospitals Rake in Revenue from 340B – While Failing to Provide Charity Care for Patients

- New York 340B hospitals provide charity care at a rate of only 1.9%, below the national average of 2.15%.
- New York Presbyterian, the 340B hospital in New York with the highest operating expenses, provides charity care at a rate of 0.97%.⁶ Meanwhile, its President and CEO made more than \$14.6 million in salary, benefits, and perks in 2023.⁷

🇺🇸 New York Contract Pharmacies: Where Are They?⁸

In New York, 64% of contract pharmacies intended to serve poor patients are in affluent neighborhoods. In fact, 11% of contract pharmacies registered with covered entities in New York are located outside of the state.⁹

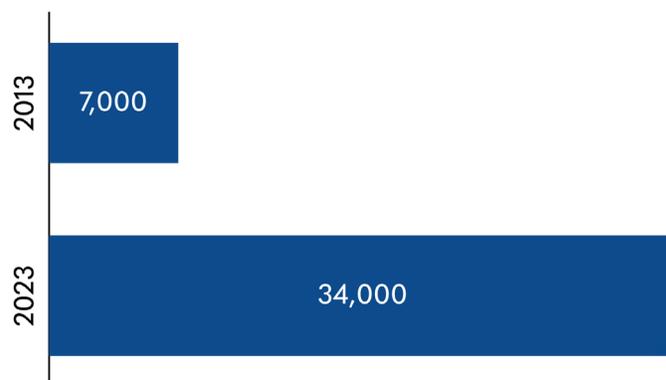


340B Hospitals Place Child Sites in Healthier, Wealthier Communities

Large hospital systems are placing 340B child sites - or clinics, infusion centers, and other outpatient treatment centers, and contract pharmacies, or offsite pharmacy locations - in healthier, wealthier, and better insured communities.¹⁰

The massive growth of the program and these entities, including an increase from 7,000 child sites in 2013 to 34,000 in 2023 has allowed hospitals to capture massive profits from wealthier, healthier patients while disadvantaging those in low-income, underinsured communities.¹¹

Growth in 340B Child Sites 2013-2023¹²



Independent Providers Struggle While Large Hospital Systems Consolidate and Profit

340B incentivizes hospitals to buy up independent practices, turn them into 340B child sites, and benefit from 340B pricing on drugs. When that happens, patients have fewer independent, community-based options for personalized, relationship-based care.¹³ It also drives consolidation, offering patients fewer choices.

Independent providers struggle to compete when hospital systems leverage 340B to expand their footprint and negotiate more profitable terms with PBMs.

New York lawmakers should reject A6222 and S1913 and not lock in the flaws of a broken program that raises costs for Medicaid and patients, employers, and taxpayers.

Instead, lawmakers should advance S8380 and demand transparency, prevent duplicate discounts, protect independent providers, and ensure the program benefits patients, not large hospitals, PBMs, and retail pharmacy chains.

1. [IQVIA: Are Discounts in the 340B Drug Discount Program Being Shared with Patients at Contract Pharmacies?](#)
2. [Congressional Budget Office: Growth in the 340B Drug Pricing Program](#)
3. [Health Capital Group: The 340B Drug Purchasing Program and Per-Enrollee Medicaid Costs](#)
4. [National Alliance of Healthcare Purchasers Coalition: The 340B Premium](#)
5. [IQVIA: The Cost of 340B to New York](#)
6. [Pioneer Institute: 340B in New York](#)
7. [The New York and Presbyterian Hospital: 2024 Disclosure Report](#)

8. [Pioneer Institute: Growth of the 340B Program](#)
9. [Pioneer Institute: 340B in New York](#)
10. [Health Affairs Scholar: Income, Health, and Racial Gaps Between 340B Hospitals, Child Sites, and Nearby Neighborhoods](#)
11. [Health Affairs Scholar: Income, Health, and Racial Gaps Between 340B Hospitals, Child Sites, and Nearby Neighborhoods](#)
12. [Health Affairs Scholar: Income, Health, and Racial Gaps Between 340B Hospitals, Child Sites, and Nearby Neighborhoods](#)
13. [Congressional Budget Office: Growth in the 340B Drug Pricing Program](#)