



NATIONAL CONSUMERS LEAGUE

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October 23, 2025

Re: Written Comments for the Hearing, *“The 340B Program: Examining Its Growth and Impact on Patients”*

Dear Chairman Cassidy, Ranking Member Sanders, and members of the Committee:

The National Consumers League (NCL) appreciates the opportunity to provide comments for the Committee’s hearing on the 340B Drug Pricing Program. NCL is America’s oldest consumer advocacy organization, providing government, businesses, and other organizations with the consumer’s perspective on key issues including healthcare, food safety, child labor, and privacy.

NCL supports the original intent of the 340B program to ensure low-income and uninsured patients can afford and access their medications and care. However, we believe reform is urgently needed to increase transparency and oversight, ensure manufacturer discounts flow directly to patients, and prohibit hospitals from pursuing aggressive debt collection practices against patients.

The 340B Program Does Not Directly Benefit Low-Income and Vulnerable Patients

The 340B program has exploded into a \$66.3 billion program¹ and is now the second largest federal prescription drug program after Medicare Part D. Despite the size of the program, the 340B program statute does not set requirements for how participating facilities use 340B funds or require participants to report how they use those net revenues. This lack of transparency has made it very challenging to ascertain how the program benefits low-income and uninsured patients, if at all.

Available evidence suggests that some hospitals, contract pharmacies, and pharmacy benefit managers (PBMs) are capturing significant financial gains from the program rather than directing net revenues to benefit low-income and uninsured patients. Medicine price

¹ [2023 340B Covered Entity Purchases | HRSA](#)



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markups are 6.6 times higher at 340B hospitals than independent clinics.² In addition, only \$1 is invested in charity care for every \$10 in profit collected by 340B hospitals,³ raising questions about whether 340B savings are being used as intended to improve access for uninsured patients.

Hospital child sites and contract pharmacies often expand into higher income areas as opposed to lower income areas that face gaps in healthcare services. For example, an Avalere Health analysis found that most contract pharmacies are located in an area that has a higher median income than their 340B DSH hospital, with 46% located in areas where the median income is at least 30% higher.⁴ Expanding into more affluent areas allows hospitals and their contract pharmacies to generate greater profits on 340B-discounted drugs, including because they reap greater financial benefits from a higher proportion of commercially insured patients,⁵ but it does little to improve access to care for low-income or uninsured patients.

The lack of patient benefit has been well-documented by this Committee.⁶ The Committee's April 2025 Majority Staff Report found that Ohio-based Bon Secours Mercy Health⁷ and Cleveland Clinic⁸ generated hundreds of millions in 340B revenue without passing the savings directly to patients. Instead, they used 340B revenue on capital improvement projects and community benefit programs but were unable to identify the specific expenses 340B funds supported. As a result, the report recommended requiring covered entities to detail how 340B revenue is used and instituting clear guidelines to ensure manufacturer discounts benefit 340B patients.

² New England Journal of Medicine. "Hospital Prices for Physician-Administered Drugs for Patients with Private Insurance." January 24, 2024.

³ Masia, Neal. "340B - Hospitals and Charity Care 2023." 2023.

⁴ [340B Hospital Child Sites and Contract Pharmacy Demographics | Avalere Health Advisory](#)

⁵ [2025-09-Misaligned-Incentives-340B-web.pdf](#)

⁶ [FINAL 340B Majority Staff Report.pdf](#)

⁷ See also the impact on BSMH-owned Richmond Community Hospital in Virginia, [How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits - The New York Times](#)

⁸ [Cleveland Clinic faces scrutiny over 340B drug discount usage | wkyc.com](#)



The Congressional Budget Office (CBO) and Government Accountability Office (GAO) have also conducted investigations into the 340B program. CBO's 2025 report found that the program's design encourages behaviors that increase federal spending, such as the prescription of higher-cost drugs, the expansion of hospital-affiliated clinics, and consolidation of healthcare services.⁹ In addition, according to GAO, the Health Resources and Services Administration (HRSA) issued over 1,500 noncompliance findings from 2012 to 2019 and has limited statutory authority to enforce compliance.¹⁰ These investigations reinforce concerns that 340B incentives are misaligned and underscore the need to strengthen program oversight.

The 340B program has also enabled PBMs to reap financial benefits at the expense of patients. PBMs play a pivotal, and often opaque, role in the 340B contract pharmacy ecosystem, enabling them to capture a portion of the financial value generated by discounted drug pricing. Starting in 2010, HRSA permitted covered entities to have an unlimited number of relationships with contract pharmacies, leading to a 4,000% increase in contract pharmacy arrangements.¹¹ According to Avalere Health, 69% of 340B contract pharmacies were associated with a PBM, either vertically integrated with a PBM (53%) or affiliated with a PBM (16%).¹² These relationships have raised concerns that contract pharmacies and affiliated PBMs profit from the 340B program by, among other things, retaining fees and a portion of insurance reimbursement. Such practices divert program savings away from patients, contrary to the intent of the 340B program. Without stronger oversight of PBM involvement in the 340B program, financial incentives will continue to favor consolidation and profit-taking rather than lower costs and expanded access for vulnerable patients.

⁹ [Growth in the 340B Drug Pricing Program](#)

¹⁰ [GAO-21-107, DRUG PRICING PROGRAM: HHS Uses Multiple Mechanisms to Help Ensure Compliance with 340B Requirements](#)

¹¹ Pioneer Institute. "340B Drug Discounts: An Increasingly Dysfunctional Program," March 22, 2022.

¹² [PBM, Mail-Order, and Specialty Pharmacy Involvement in 340B | Avalere Health Advisory](#)



340B Hospitals Pursue Aggressive Medical Debt Collection Practices Against Low-Income Patients

Medical debt remains a persistent problem facing patients in the United States. According to KFF, 41% of adults in the United States have some level of medical debt.¹³ Medical debt is different from other types of debt – it is unplanned and can arise in cases where urgent or emergency medical care is needed. As changes under the One Big Beautiful Bill lead to losses in Medicaid coverage, medical debt is expected to grow even more widespread.

NCL, in collaboration with Magnolia Market Access, conducted an analysis which found that 340B hospitals approach medical debt collection more aggressively than non-340B hospitals.¹⁴ In particular, 340B hospitals were two times more likely to deny or defer care of patients with medical debt compared with non-340B hospitals (68% vs 37%, respectively). 340B hospitals were also more likely to take legal action (e.g., suing for past-due balances, placing liens) against a patient with medical debt compared to non-340B hospitals (86% and 68%, respectively). Aggressive medical debt collection practices significantly affect a patient's ability to repay debts, access care, or maintain employment. These findings raise serious questions about whether the program's benefits are being reinvested to help patients and improve access to care.

340B Reforms Should Increase Transparency, Accountability, and Deliver Real Benefits for Patients

Congress should enact meaningful reforms to the 340B program to restore transparency and accountability, with a focus on patient benefit. Any reforms to the 340B program should:

1. Require transparent reporting on how 340B savings are used.
2. Strengthen oversight over program participants, which will increase public trust and ensure patients benefit from manufacturer discounts.

¹³ [Hospital Charity Care: How It Works and Why It Matters | KFF](#)

¹⁴ [V2_NCL_Medical-Debt-Issue-Brief_Digital.pdf](#)



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3. Ensure savings flow directly to patients, such as through discounted out-of-pocket costs, medical debt relief, and expanded access to charity care.
4. Prohibit aggressive debt collection practices.

There is broad public support for reforming the 340B program. In a May 2025 national survey conducted by NCL,¹⁵ 79% of adults said reforming 340B should be a top priority for lawmakers, and 77% believe hospitals should be required to pass savings directly to patients. Three in four respondents (76%) expressed concern that hospitals benefiting from 340B discounts use aggressive medical debt collection practices. The American public expects transparency, accountability, and a program that fulfills its original, patient-centered intent.

The status quo is untenable. Healthcare costs are already out of reach for many families, and these challenges will only intensify as more people lose Medicaid coverage and if Congress fails to extend the premium tax credits. Congress should act to ensure the 340B program serves the patients it was designed to help - not as an opaque revenue stream for hospitals, contract pharmacies, and PBMs.

We appreciate the Committee's leadership and would welcome the opportunity to brief staff on our findings or provide additional information.

Sincerely,

Lisa Bercu
Senior Director of Health Policy

Samantha Sears
Senior Manager of Health Policy

¹⁵ [NCL-Medical-Debt-and-340B-National-Survey.pdf](#)