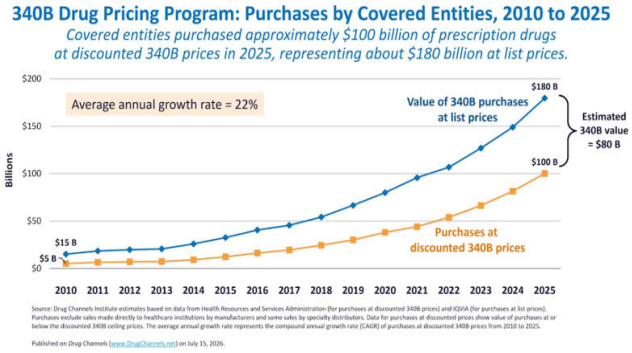
340B Bills Will Raise Healthcare Costs for Illinois Businesses

The 340B Drug Pricing Program has grown from a small program for safety-net providers into a massive arbitrage opportunity for corporate healthcare systems to drive up their profits without meaningfully benefiting the vulnerable communities it was intended to serve. For employers, this often inflates the prices they are paying.

Today, **340B is the second-largest federal drug program behind Medicare Part D**.[1] Providers purchased over $100B of medicines in 2025 at discounted 340B prices; the full price of those medicines was $179.5B, meaning 340B providers received **approximately $79.5B in 340B profits**.[2]

With limited transparency requirements for hospitals, it's impossible to know whether these funds are benefiting patients as they drive up costs for employers and patients.



340B COSTS EMPLOYERS BILLIONS

340B allows participating hospitals to "buy low and sell high;" purchasing medicines at a steep discount then charging insured patients full price, which results in significant profits. This practice increases health care costs and encourages consolidation[3] since hospitals can acquire outpatient physician practices and contract with PBMs and chain pharmacies to boost profits.

5.4x **the average markup to oncology drugs billed to the NC state health plan—340B hospitals bill 85% higher than non-340B hospitals according to the NC state treasurer.**[4]

$14.5B **annual cost to employers in lost rebates alone. Illinois, employers lose $503M or $71 per beneficiary.**[5]

340B HOSPITALS IN ILLINOIS

- **More than two-thirds** profit from 340B.[6]
- Contract with over **10,424 pharmacies, more than 28% of which are out-of-state**.[6]
- Earn **2.7x** more in 340B profits than they spend on charity care.[7]
- 340B hospitals **reported 41% higher patient revenue** than non-340B hospitals and invested 119% more revenue into financial assets such as stocks and bonds.[8]

EMPLOYERS IN ILLINOIS

- Employers lost $503 in negotiated rebates on 340B medications, **averaging $71/private-sector employee**[5]

FLAWED ILLINOIS LEGISLATION SB2385/HB3350 DOES NOT ACCOUNT FOR TRANSPARENCY

Proposed legislation would exacerbate the impact of 340B on employees and working families. The bills would further increase profits for hospitals and their PBM and chain pharmacy partners at the expense of employers; **SB2385/HB3350 would cost employers an additional $27 per beneficiary or $171M a year in lost rebates.**[9]

Instead, lawmakers should seek to introduce more transparency to better understand the 340B program and its impact on families in Illinois, following the lead of Minnesota,[10] Kansas, and Maryland.[11]

340B Employer Cost Impact Calculator

Use this tool to help your employer-sponsored health plan estimate additional cost per covered life and total annual employer burden of the 340B program.

References

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2 Drug Channels Institute and IQVIA
3 Fierce Healthcare
4 North Carolina Treasurer Report
5 IQVIA Data
6. PhRMA.org
7 Advantage News
8. Study; Illinois Hospitals Using Federal Drug Discounts Profits to Boost Investments
9 340B Covered Entity Report
10 Mintz

Resource

1 NA's 340B Employer Cost Calculator

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