

2025 Issue Brief Improving the 340B Drug Pricing Program

Issue

The 340B Drug Pricing Program provides savings to covered entities, allowing these providers the opportunity to expand access to essential services to vulnerable populations in rural and underserved areas that need it most. Established in 1992 under the Veterans Health Care Act, the program is administered by the Health Resources and Services Administration (HRSA) under the Department of Health and Human Services (HHS). The HHS secretary enters purchase price agreements (PPAs) with pharmaceutical manufacturers for outpatient drugs at a reduced cost. Participating organizations are prohibited from receiving duplicate discounts on the same drug (e.g., 340B discount and Medicaid fee-for-service rebate). In 2023, 340B covered entities purchased \$66.3 billion in covered outpatient drugsⁱ as national prescription drug spending reached \$449.7 billion.ⁱⁱ

These covered entities serve a substantial share of low-income and uninsured patients, which is made more affordable by purchasing outpatient drugs below list cost. Eligible healthcare organizations include Medicare/Medicaid Disproportionate Share Hospitals, community health centers, children's hospitals, critical access hospitals, and sole community hospitals, among many more. These safety-net providers serve vulnerable populations across the U.S., and the 340B program allows them to maximize limited federal resources, lowering the price of outpatient pharmaceuticals for patients and enhancing health services for patients and communities.ⁱⁱⁱ

AMGA asks Congress to:

- **Preserve, protect, and improve the 340 Drug Pricing Program so that covered entities may continue to expand care to the vulnerable populations they serve using 340B savings.**
- **Include independent medical groups that serve a significant underserved patient population in the 340B Pricing Program to enable them to provide high-quality care to those who need it most.**

ⁱHRSA (2024), 2023 340B Covered Entity Purchases, <https://www.hrsa.gov/opa/updates/2023-340b-covered-entity-purchases#5>

ⁱⁱCMS (2024), NHE Fact Sheet, <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>

ⁱⁱⁱHRSA (2025), 340B Drug Pricing Program, <https://www.hrsa.gov/opa>