

PROTECT THE SAFETY NET BY PROTECTING 340B

Essential hospitals share a mission to care for people who face financial and social hardships, including low-income working families and the uninsured. The 340B Drug Pricing Program has long been a vital support for this mission. Over 30 years since 340B became law, the same issues that gave rise to the program—including the challenging financial position of providers serving a safety net role—persist. For essential hospitals, which operate on narrow margins, 340B discounts help keep the doors open.

Essential hospitals serve the entire community with complex, lifesaving services; in fact, despite making up only 6% of hospitals nationally, our hospitals operate nearly 45% of burn care beds, 16% of neonatal ICU beds, and more than a quarter of level I trauma centers.

But this mission comes at a price: Essential hospitals sustain substantially more uncompensated and under-reimbursed costs than other hospitals and operate with little or no margin while providing state-of-the-art, patient-centered care. In 2023, members of America's Essential Hospitals operated with an average operating margin of -7.1% compared with an operating margin of -2.3% at other U.S. hospitals.¹

WHAT IS 340B?

Under the 340B program, manufacturers must offer discounts to safety net providers according to statutorily prescribed methods in exchange for the benefit of having their drugs covered by Medicaid and Medicare, a multi-billion-dollar benefit to manufacturers.² The program ensures that a fraction of the profits manufacturers gain, including from federal payors, is invested in safety net providers at nearly no cost to taxpayers.

340B: CRITICAL TO THE SAFETY NET

The 340B program is a key component of the patchwork of federal support on which essential hospitals rely to meet their mission. Congress established the 340B program to enable essential hospitals and other covered entities “to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”³ With their 340B savings, essential hospitals can target resources to services and programs that meet their community's unique challenges, often operating where others will not:

- A West Virginia essential hospital relies on 340B savings to support a mobile mammography unit. The 340B program makes this vital screening available to patients who might otherwise lack access.
- 340B savings at an essential hospital in Massachusetts support a complimentary home delivery service for prescriptions to enhance convenient access to care.
- An essential hospital in Utah uses 340B savings to facilitate a Medication Support Services program for any individual unable to afford their medications. It provides more than 18,000 prescriptions to patients each year at each of its five hospitals and 12 multi-specialty community clinics.
- A Florida essential hospital uses 340B savings to support patient access, including through a mobile stroke treatment unit that reduces mortality by 45% through time saved when compared with traditional emergency management services.

These examples represent the countless ways member hospitals expand access to quality care for communities. The 340B program enables essential hospitals to offer myriad patient assistance policies, including prescription drug assistance for low income, uninsured, and underinsured patients. The value of 340B lies not just in lowering one price for one drug on one day, but also in sustaining the care infrastructure that makes access to those drugs possible. Thus, patients can continue receiving care well beyond a single visit.

Essential hospitals value partnerships with lawmakers and the administration to ensure access to care for all. They invest significant resources into 340B compliance, including inventory management; 340B-specific policies and procedures; independent, Health Resources and Services Administration, and manufacturer audit compliance; and annual recertification.

While the health care delivery system and prescription drug landscape continue to evolve—adding new complexities that America’s Essential Hospitals stands ready to navigate—the core mechanics of the 340B program remain sound.

OUR MESSAGE TO CONGRESS: PROTECT 340B

The 340B program continues to work as Congress intended. America’s Essential Hospitals urges Congress and the administration to protect the 340B program and ensure all stakeholders comply with the law.

Endnotes

1. Miu R, Kelly K, Nelb R. *Essential Data 2025: Our Hospitals, Our Patients—Results of America’s Essential Hospitals 2023 Annual Member Characteristics Survey*. America’s Essential Hospitals. November 2025. essentialdata.info. Accessed Feb. 19, 2026.
2. The Medicaid and CHIP Payment and Access Commission. *Medicaid Gross Spending and Rebates for Drugs by Delivery System, FY 2023. MACStats: Medicaid and CHIP Data Book*. 2024;74–75. <https://www.macpac.gov/wp-content/uploads/2024/12/EXHIBIT-28.-Medicaid-Gross-Spending-and-Rebates-for-Drugs-by-Delivery-System-FY-2023.pdf>. Accessed Jan. 20, 2026.
3. H.R. REP. 102-384(II), p. 12.