

OPPOSE HB 3265 (Darby)

Hospital 340B Markups Hurt Employers & Families

340B Markups: The Problem

- Hospitals buy 340B drugs at steep discounts—often 50% below list price—but then charge employers and families inflated rates. Under HB 3265, these markups would become even harder to see and stop.

Huge Hospital Markups:

- **Massive Markups:** One study showed that 340B hospitals pay **\$76,320** for Darzalex (a common blood cancer drug), yet bill an employer health plan \$290,016—a **280% increase**.
- **3x Reimbursement:** 340B hospitals are reimbursed by commercial insurers on average **three times** what they pay to acquire drugs.
- **Oncology Drugs:** 340B hospitals charge **five times over acquisition cost** for oncology drugs
- **Infusion Drugs:** 340B hospitals can mark up infusion drugs **6.59x** vs. **4.34x** at non-340B facilities.

Research Doesn't Support Charity Care Claims

- It is unfair for private employers and privately insured families to bear the cost of hospitals' unaccountable and unverified claims of providing community benefit.
- A study in the New England Journal of Medicine found: "Financial gains for hospitals have not been associated with clear evidence of expanded care or lower mortality among low-income patients."
- Another study revealed that 65% of 340B hospitals provide less charity care than the national average for short-term acute care hospitals — including for-profit hospitals.

Why HB 3265 Makes It Worse

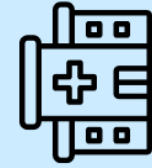
- **Blocks Transparency:** Bans the "modifier" that identifies 340B drugs, letting hospitals hide discounts.
- **Forces Insurers to Pay Excessively High Rates:** Even when the hospital's actual cost is deeply discounted.
- **Loses Rebate Savings:** Employers and Medicaid cannot collect manufacturer rebates on 340B-discounted drugs, raising premiums and taxpayer costs.
- **Removes Lower-Cost Options:** Restricts plans from sourcing high-priced specialty meds through cheaper pharmacies, leaving patients and payers on the hook.

Why Vote "NO" on HB 3265

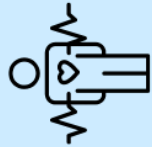
- When hospitals expand 340B usage into fully insured coverage—beyond its original safety-net focus—they buy drugs at steep discounts, then charge employers and families at **excessive rates**, increasing premiums and out-of-pocket expenses.
- **340B expansion drove \$7.8 billion** in extra costs for employers and workers in 2021.
- Ensuring transparency, aligning reimbursements with actual costs, and preserving access to more affordable specialty pharmacies, helps employers, families, and taxpayers avoid **inflated charges**.

Markup Example: Darzalex (Blood Cancer Drug)

Non-340B Hospital



Medicare



Purchased for
\$116,876

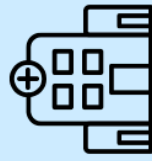
Reimbursed for
\$123,889



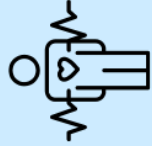
\$7,013

Markup capped
at 6%

340B Hospital



Medicare



Purchased for
\$76,320

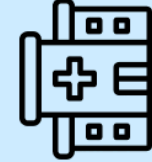
Reimbursed for
\$90,579



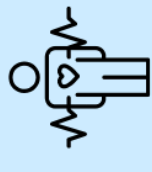
\$14,259

18.7% markup

Non-340B Hospital



Commercial



Purchased for
\$116,876

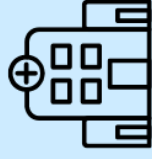
Reimbursed for
\$290,016



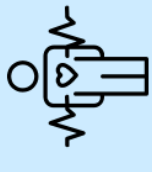
\$173,140

148% markup

340B Hospital



Commercial



Purchased for
\$76,320

Reimbursed for
\$290,016



\$213,696

280% markup