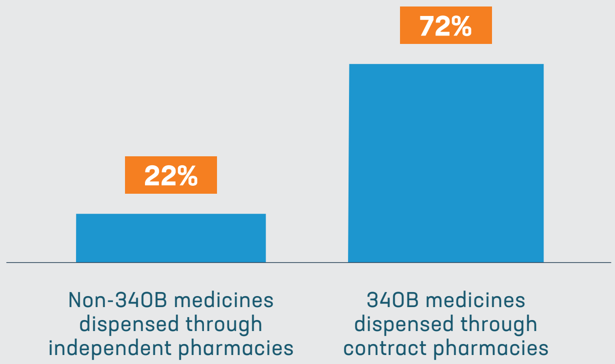
340B Covered Entities and For-Profit Corporations Capturing Massive Profit Margins on Medicines Dispensed Through Contract Pharmacies

If the 340B program works as Congress intended, it has the potential to be a true safety net for vulnerable and uninsured patients. Unfortunately, this safety-net program has been flooded by for-profit pharmacies like CVS, Walgreens and Walmart, and OIG and GAO have found that when needy, uninsured patients show up at these contract pharmacies, they don't always benefit.

Higher Average Profit Margin

A Berkeley Research Group analysis found that the average profit margin for 340B covered entities and their contract pharmacies on 340B brand medicines commonly dispensed through contract pharmacies is an estimated 72% compared with 22% for non-340B medicines dispensed through independent pharmacies.

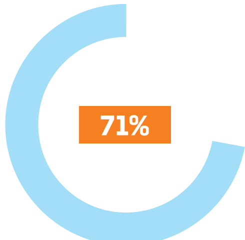


That Profit Margin Varies for Specific Therapeutic Classes and is Even Higher for Some

Average Profit Margin for Brand Anti-Diabetes Agents Dispensed at 340B Contract Pharmacies

Average Profit Margin for Brand Gastrointestinal Agents Dispensed at 340B Contract Pharmacies

Average Profit Margin for Brand Cardiovascular Agents Dispensed at 340B Contract Pharmacies



Average Profit Margin for Brand Respiratory Agents Dispensed at 340B Contract Pharmacies

"But Where's the Benefit to Patients?"

There is no clear evidence that contract pharmacies increase access to affordable medicines for needy patients. In fact, there are zero 340B protections in place to ensure that needy patients get discounted medicines from contract pharmacies. We must protect the 340B program from attempts to steer it further off course.

Berkeley Research Group, "For-Profit Pharmacy Participation in the 340B Program," October 2020.

Learn more at **PhRMA.org/340B**

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