

# Michigan Lawmakers Should Reject Harmful 340B Legislation

TAXPAYERS  
PROTECTION  
ALLIANCE

HB 4878 would reinforce a broken federal program and raises prices for Michiganders.

In Michigan, large tax-exempt hospitals, pharmacy benefit managers (PBMs), and retail pharmacies increasingly use 340B to maximize hospital revenues, raking in huge 340B discounts on drugs and passing on costs to the state, Medicaid, employers, public employees, and taxpayers.<sup>1</sup>

## 340B Purchases, 2012-2024

Between 2012 and 2024, covered entity purchases through 340B grew from \$6.9 billion to \$81.4 billion.<sup>2</sup>



## 340B Increases the Cost of Healthcare in Michigan

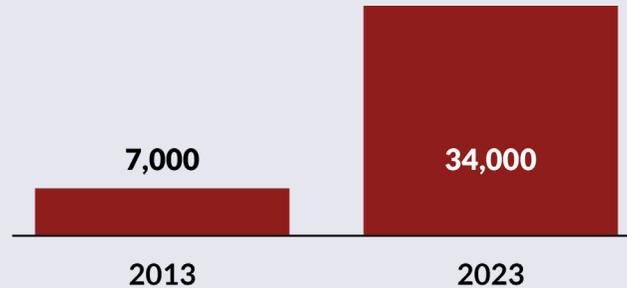
The Congressional Budget Office (CBO) confirmed that 340B “encourages behaviors that tend to increase federal spending.”<sup>3</sup>

- **\$36 Billion:** Higher prices on 340B drugs translate to an increase of \$36 billion in employer hospital spending.<sup>4</sup>
- **\$272 Million:** An IQVIA analysis found that 340B is costing Michigan employers and workers \$272 million a year, and that lost rebates cost state and local governments an additional \$86 million.<sup>5</sup>
- **\$391:** Medicaid spending increased \$391 per Medicaid enrollee due to increased 340B hospital and grantee participation between 2014 and 2021, amounting to \$32 billion a year.<sup>6</sup>

## 340B Child Sites Optimize for Profits, Not Patient Benefit

Large, tax-exempt hospital systems are placing 340B child sites – offsite locations that distribute 340B drugs – in more profitable communities, increasing their earning potential.<sup>7</sup>

### Growth in 340B Child Sites 2013-2023<sup>8</sup>



An increase from 7,000 child sites in 2013 to 34,000 in 2023 has allowed hospitals to capture massive profits from wealthy communities while hurting those in poorer and less insured communities.<sup>9</sup>

## 340B Incentivizes Consolidation and Reduces Patient Choice

Large hospital systems use large amounts of capital to buy independent practices to transform them into child sites, increasing the number of prescriptions that receive 340B pricing. This reduces patients' access to long-time local providers and artificially increases hospital consolidation.

**Lansing should not advance harmful proposals like HB 4878, which locks in flaws of a broken federal program in Michigan, and hurts the wallets of patients, employers, public employees, and taxpayers.**

The 340B program needs federal reform, and the 340B ACCESS Act offers a clear path forward. By defining eligible patients, strengthening reporting, and ensuring savings reach low-income communities, it would bring long-overdue clarity and accountability to the program.

1. [IQVIA: Are Discounts in the 340B Drug Discount Program Being Shared with Patients at Contract Pharmacies?](#)
2. [Health Resources & Services Administration: 2024 340B Covered Entity Purchases](#)
3. [Congressional Budget Office: Growth in the 340B Drug Pricing Program](#)
4. [National Alliance of Healthcare Purchasers Coalition: The 340B Premium](#)
5. [IQVIA: The Cost of 340B to Michigan](#)
6. [Health Capital Group: The 340B Drug Purchasing Program and Per-Enrollee Medicaid Costs](#)
7. [Health Affairs Scholar: Income, Health, and Racial Gaps Between 340B Hospitals, Child Sites, and Nearby Neighborhoods](#)
8. [Health Affairs Scholar: Income, Health, and Racial Gaps Between 340B Hospitals, Child Sites, and Nearby Neighborhoods](#)
9. [Health Affairs Scholar: Income, Health, and Racial Gaps Between 340B Hospitals, Child Sites, and Nearby Neighborhoods](#)